# FINANCIAL TIMES

No. 27,111 Friday October 29 1976 ***10p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.13; BELGIUM Fr.22; DENMARK Kr.3; FRANCE Fr.2.50; GERMANY DM1.70; ITALY L.400; NETHERLANDS Fl.1.75; NORWAY Kr.3; PORTUGAL Esc.17.50; SPAIN Ptas.35; SWEDEN Kr.2.75; SWITZERLAND Fr.1.70.




## NEWS SUMMARY

### ...ERAL

## ...ow in ...louse ...ver ...ussian

...visit of Mr. Boris ...narev, head of the ...national Department of the ... Central Committee, ...uproar in the Commons ...day.

... Margaret Thatcher, ...r of the Conservative Oppo... condemned it as a major ...matic blunder which would ...sed as Soviet propaganda ...about the Eastern bloc.

...Ponomarev observed the ...from the visitors' gallery ...ory members tried to force ...former Stalinist and his ...tion out of the Chamber ...sing the traditional cry of ...y strangers."

...ough the move was ...d by 192-80 votes, the ...ns had already left of ...own accord—Mr. Pono... to keep an appointment ...Mr. Callaghan. Page 12

...Government is to postpone ...ng of the new session of ...ment by a week in the ...of securing passage of five ...which are held up in the ... Back Page

### ...w Haw Par ...est expected

...nd Yard plans to arrest ...atrick Goodbody, a former ...ar of the Singapore-based ...ny Haw Par Brothers ...ational on an extradition ...nt issued at London's Bow ... Court this week. Mr. ...body is expected to ...nder himself shortly. Lead... prosecution witnesses in the ...pore Government's case ...t Mr. Goodbody, and four ... whose extradition is ...t, including Mr. Jim Slater, ...he two former Haw Par ...ors against whom there are ...ceedings. Back Page

### ...: editor cites ...blic interest

...Richard Ingrams, editor of ...e Eye, claimed in the High ... yesterday that he had ...d an article about Sir ... Goldsmith and Mr. Eric ... Sir James's solicitor, in ...ht of what he believed to ...legitimate public interest. ...gram's evidence was heard ... the third day of Sir ...s application for Mr. ...is tob e jailed for con... of court.

### ...rds music ...or dismissed

...lier Guards directord of ... Major Peter Parkes, 47, ...sterday ordered to be dis... the service after a London ...martial found him guilty of ...charges of theft involving ...orised band performances. ...tion and sentence is sub... confirmation and there is ...an appeal.

### ...s demos

... security precautions, a ... blast at Interpol head...rs and Left-wing demon...ns marked the second day ... official visit of King Juan ... of Spain to Paris. In ...l riot police clashed with ...s as the city was disrupted ...us strike. Page 4

### ...h Presidency

... became clear that the Irish ...ition's candidate to succeed ...ent O'Dalaigh as President ...e Dr. Patrick Hillery, the ...lic's EEC Commissioner, ...Dublin Government last ... won a confidence vote on ...nding of the row over Mr. ...igh's resignation. Page 4

### ...efly . . .

... of the British nuclear sub... Sovereign played foot... near the North Pole to cele... surfacing there.

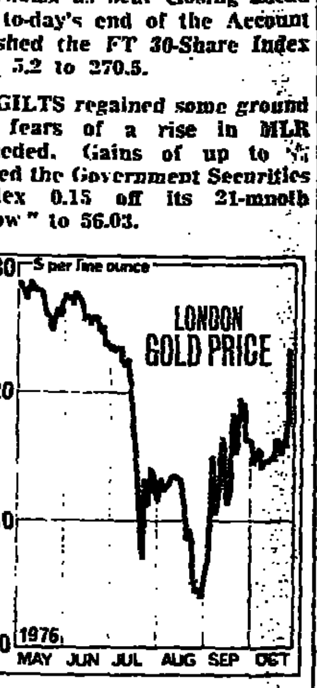
... rejected Soviet bloc mes... congratulating Hua Kuo... on succeeding to Mao-Tse-... Page 6

### BUSINESS

## Equities gain 5 in technical rally

● EQUITIES made their first substantial advance for eight sessions, as bear closing ahead of to-day's end of the Account pushed the FT 30-Share Index up 5.2 to 270.5.

● GILTS regained some ground as fears of a rise in MLR receded. Gains of up to ⅜ lifted the Government Securities index 0.15 off its 21-month "low" to 56.03.




● GOLD rose $5¼ to $123 in active trading after the success of the IMF gold auction.

● STERLING finished 62¼ points lower at a record closing "low" of $1.57 after touching $1.5755. Its weighted depreciation widened to a worst-ever 48.8 per cent. (48.1). The dollar's was unchanged at 2.38 per cent.

● WALL STREET closed 3.49 down 952.63.

● U.S. TRADE DEFICIT last month was $779m.—except for August's, the largest in 25 months. Imports of $10.6bn. (swollen by non-oil items) were the second biggest ever. Page 5. Prices rose 1.1 per cent. during September in France—one of the worst rises this year. Page 4.

## Japan unmoved on shipbuilding

● SHIPBUILDING members of the EEC have failed to persuade Japan to reduce its share of the depressed world market below 50 per cent. Back Page.

● URANIUM mining in Australia was given the go-ahead by the long-awaited Ranger report, which rejected arguments that development of the country's large deposits was too hazardous. Back and Page 6

● SHUTDOWN of production facilities at BP's Grangemouth chemical plant has begun in preparation for a strike called for Monday over fringe benefits. Page 12

● SHELL PETROL is likely to cost 4p a gallon more at the pumps, following the company's increase in wholesale tariffs. Page 8

● AUDITING OF BANKS should be open only to the experienced elite of firms within the profession, says Mr. Gordon Richardson, Governor of the Bank of England.

### COMPANIES

● HARTLEY BAIRD, the engineering group, was "gravely mismanaged" by Dr. Kurt Wallersteiner, who was chairman for 12 years to 1974 and who "mesmerised" his fellow directors, says a Department of Trade report. Page 9

● DUNLOP HOLDINGS reports first-half taxable profits up £12.3m. at £32.1m. Page 23 and Lex

● CENTURY OILS is to fight a £4.23m. takeover bid by BP. Page 24

● HITACHI has nearly doubled its first-half profits to $52.2m. ($27.9m. a year ago) in spite of poor home sales. Page 26.

## ... PRICE CHANGES YESTERDAY

...n pence unless otherwise indicated)

RISES:

| | | |
|---|---|---|
| ...er. Ind. | 500 | + 30 |
| ...and | 173 | + 11 |
| ... | 130 | + 8 |
| ... | 60 | + 3 |
| ...roperty | 23½ | + 4 |
| ...James) | 132 | + 8 |
| ... | 308 | + 10 |
| ...erson 'A' | 203 | + 10 |
| ...r Siddeley | 346 | + 10 |
| ...Vrightson | 31½ | + 3½ |
| ... | 262 | + 6 |
| ...Bank | 160 | + 5 |
| ...ure | 146 | + 6 |
| ...W.) | 19½ | + 2½ |
| ... Hldg. & Inv. | 132 | + 7 |
| ...l. | 164 | + 8 |
| ...eam | 82 | + 10 |
| ...Org. | 302 | + 6 |
| ... Trust | 67 | + 5 |

| | | |
|---|---|---|
| BP | 655 | + 7 |
| *Century Oils* | 52 | + 23 |
| Shell Transport | 362 | + 8 |
| Woodside-Burmah | 130 | + 10 |
| Barymin | 57 | + 20 |
| Cons. Gold Fields | 127 | + 10 |
| East Driefontein | 605 | + 80 |
| North Broken Hill | 230 | + 12 |
| Pancontinental | £10¼ | + 1¾ |
| Peko-Wallsend | 530 | + 60 |
| Randfontein Estates | £23½ | + 2½ |
| Vaal Reefs | £10¼ | + 1¾ |
| Western Mining | 180 | + 18 |
| **FALLS:** | | |
| Desouter Bros. | 120 | − 8 |
| *M.K. Refrigeration* | 48 | − 5 |
| Morrison (W.) | 85 | − 6 |
| Nat. Carbonising | 17½ | − 3½ |
| Photax (London) | 23 | − 3 |
| Richardsons Westg'rth | 34 | − 3½ |
| Startrite Eng. | 32 | − 4 |
| Union Discount | 200 | − 10 |

# Government pressed to produce further economic package

BY RICHARD EVANS, LOBBY EDITOR

**The pressures on the Government to take further action to strengthen the economy increased sharply yesterday with advice from different sections of the Labour Party and from Sir Geoffrey Howe, Shadow Chancellor of the Exchequer.**

Most significantly, the 70-strong Manifesto Group of moderate Labour MPs, while offering total loyalty to Mr. James Callaghan and Mr. Denis Healey, Chancellor of the Exchequer, urged the Cabinet to introduce a radical programme of measures, including selective import controls, an import deposit scheme and a reduction in the public-sector borrowing requirement by cuts in public spending or by increased indirect taxation.

The message of the group, whose views carry considerable influence within the Cabinet, was that the Government should produce a major once-and-for-all package to ensure success for its current strategy rather than persisting in introducing measures by dribs and drabs.

On a day when close associates of Mr. Callaghan were emphasising his continued determination to maintain a firm grip on Government policies following his bruising clash with Labour's national executive, a leading Left-wing MP underlined the division in the Labour movement.

Mr. Brian Sedgemore, MP for Luton West and an economic spokesman for the Tribune Group, spelt out the Left's alternative strategy in Tribune, and indicated that it would continue to be pressed hard despite the increasing strains on party unity.

Although no Cabinet decisions have been taken, Labour MPs are convinced a further package must be introduced once the negotiations with the IMF over the £2.3bn. loan are completed.

The issue engaging the party, in a continuing atmosphere of deep anxiety and low morale, is where the inevitably unpleasant measures should strike.

The Manifesto Group, which seeks an early meeting with Mr. Healey, emphasises its unswerving support for the Government's economic startegy, but outlines a number of "inescapable measures if that strategy of reducing inflation and regenerating manufacturing industry is to succeed.

In a counter-offensive against the militant Left, the moderates insist that the Government would get massive support both in and outside the Labour Party for a series of harsh measures seeking t give priority to curbing inflation, preserve the Government's industrial startegy, and avoid a retreat into a "siege economy."

Their package involves lowering the public-sector borrowing requirement either by further cuts in public spending, higher indirect taxation or by requiring a greater proportion of local government spending to be financed from the rates.

Of these options the majority would probably favour higher taxation, giving an increase in value-added tax to 10 per cent., and higher excise duties. But the group stresses that if the Chancellor chose a combination of all three it would support him.

There is a demand for selective import controls and for an import deposit scheme, but continued opposition to general controls on imports. The danger of the present situation, they argue, is that imports flood in while there is an expectation of action against unfair foreign competition.

Mr. Ian Wrigglesworth, the group's secretary, said its proposals would undoubtedly mean higher prices and further living standards cuts.

"But we are prepared to take tough decisions from the Government, and support Ministers in taking any decisons necessary to stick to their strategy."

But to Left-wing MPs the call for further public spending cuts would place an intolerable strain on the Government's social contract with the trade unions.

Continued on Back Page

# Lending rate unlikely to rise

By Peter Riddell, Economics Correspondent

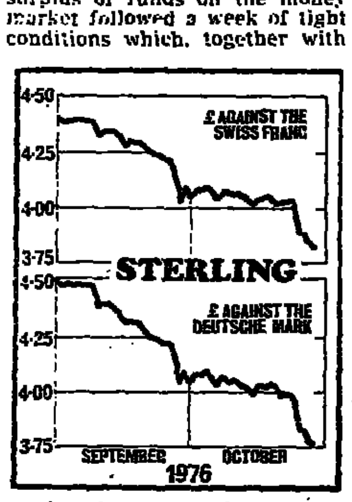
THE BANK of England's Minimum Lending Rate is unlikely to rise this afternoon following an easing of pressures in the money market yesterday.

Conditions were slightly less agitated in the foreign exchange market, with fewer rumours—though this is solely by comparison with the very hectic days earlier in the week.

The pound fell, for the fourth successive day, with a closing decline of 62½ points to $1.57, while the trade-weighted depreciation widened by 0.7 points to a worst-ever level of 48.8 per cent.

Gold was, however, strong, with a rise of $5¼ to $123 following what was seen by the market as a successful IMF gold auction on Wednesday.

The fall in certain short-term U.K. interest rates yesterday linked to the appearance of a surplus of funds on the money market followed a week of tight conditions which, together with




continued concern about monetary policy, contributed to intense speculation about a possible rise in MLR.

Although three-month Treasury Bill rates still technically indicated a possible rise in MLR of up to half a point to-day, the signs last night were that the authorities would discourage such a change.

The position can, of course, change this morning, but it appeared last night that the authorities did not want to see a further rise now, in view of the comments of both the Governor of the Bank of England and the Chancellor of the Exchequer about the undesirability of the high level of rates.

There may still be an adjustment before long in other interest rates, since at present levels there is an attraction for

Continued on Back Page

Lex Back Page

# U.K. issues raised in U.S. poll

BY DAVID BELL WASHINGTON, Oct. ...

PRESIDENT FORD to-day used the present state of Britain as an example of the disaster that might befall America if Mr. Jimmy Carter wins.

The Democratic candidate, meanwhile, found himself in the middle of a controversy about Northern Ireland.

Campaigning in Indiana, Mr. Ford cited Britain as an example of th eevils of government "overspending." He said the pound had fallen to the lowest level in its history, and that "the courageous Prime Minister of that troubled nation has gone to the reart of the problem."

He quoted Mr. Callaghan as saying that increased government spending, far from ending the recession had led instead to greater unemployment and more iinflation. Democratic "big spending" policies might have the same results in the U.S. "We must not let it happen here," he said.

Mr. Carter came under fire from some quarters in Britain to-day for remarks he is reported to have made in Pittsburgh last night while talking to Irish-American leaders.

Reports that he was wearing an IRA "Get Britain Out" badge have been angrily denied by the Carter headquarters in Atlanta, and have not been confirmed by anyone present at the meeting.

At one point Mr. Carter said: "The Democratic Party understands the special problems in Ireland. It is a mistake for our Government to stand idle. I know how heartsick you feel to see the bloodshed and disharmony in Ireland."

Later, Father Sean MacManus, another speaker, quoted what he said was a line from the Democratic Party manifesto. He claimed the party was committed to "encouraging a formation of a united Ireland," but this phrase is nowhere to be found in the document and Mr. Ca... never made any reference ...

In Atlanta, a Carter spo... man said that the Democ... candidate "has never endo... tactics or organisations w... either implicitly or expli... advocate violence as a soluti...

The manifesto also c... down firmly against "viol... and terror" and calel va... for the UN and other i... national bodies to take a ... active role, with the U.S. ... trying to find a solution to ... "tragic problem."

It remains to be seen ... effect the sudden emergenc... these two British issues may ... on the course of the elec... campaign. But Mr. F... attempt to hold up Britain a... example of all the evils ... might befall the U.S. is the la... in a number of Republ... attempts to wrest the econo... issue away from Mr. Carter...

Mr. Ford's chief of ... claimed to-day that the Re... licans have now effectively ... the election by breaking ... Carter in much of the So... beating him in California ... overtaking him in the Mid-W...

But the election now app... to be so close that neither ca... date can have any reliable ... about how things are goin... the closing days.

The polls do not really sup... the victory claims of either ... In California, for instance, ... Ford is thought to be narr... ahead, but Mr. Ronald Reag... curt refusal last night to ... paign for him may damage ... campaign there.

In Michigan, Mr. Ford's ... appears to be dwindling al... as fast as Mr. Carter's has b... falling in Illinois. And in ... South, still the cornerstone ... Mr. Carter's strategy, there ... no real signs of the kind ... breakthrough the Republic... claim.

Democrats fear Republ... blitz, Page 5

### FEATURES



### ON OTHER PAGES



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# NEB may take on new restructuring role

BY ADRIAN HAMILTON

THE NATIONAL Enterprise Board is looking into the possibilities of taking a role in restructuring certain key industrial sectors. The role would be similar to that of the old Industrial Reorganisation Corporation.

Mr. Maurice Marks, who was brought to the NEB as planning director from Unilever this summer, is thought to have been given a special responsibility for investigating this approach, and Lord Ryder, NEB chairman, has already started informal discussions with company chairmen in a number of areas.

Initially the NEB is tending to concentrate on those sectors where it already has a presence, particularly industrial trucks, construction equipment — in which British Leyland's special products divisions has substantial interest—is well as office machinery and electronics.

The Board is also reported to be looking at areas, such as process plant and pumps and valves, in which it has no direct interest but in which it could play a catalytic role by bringing together companies and perhaps taking an equity interest in new groupings.

At this stage, its interest in a restructuring role is highly tentative. But consideration of moves in the industrial trucks sector, at least, may be pushed forward by Rubery Owen Conveyancer, which is thought to have initiated discussions with the Department of Industry about its own future in this area.

The company, a subsidiary of Rubery Owen (Holdings) which announced a major internal reorganisation this month, involving substantial redundancies, is anxious about the future shape of the industry following the merger moves already made by Coventry Climax (Leyland) and Lancing Bagnall.

## Strategy

The NEB's interest in restructuring clearly takes it into an important and politically sensitive new role which could become a major part of its activities.

The move has been encouraged by the Department of Industry, which is anxious to see the Boaad take a more active part in developing the industrial strategy.

It also has the backing of a number of industries themselves, who urged just this need for restructuring in the sector working parties under the strategy.

Lord Ryder, on the other hand, is believed to be taking the development with a good deal of caution, both because of the criticism that it might arouse from companies and the Conservatives and because of the many practical pitfalls which the Industrial Reorganisation Corporation experience has shown up.

The Conservative Party has already threatened to abolish the Board if it takes too much power. There remains the lingering suspicion in industry that an IRC-type role could mask a move by the NEB to take over profitable parts of British industry against their will.

The field of industrial trucks and construction equipment also raises delicate questions about the future development of Britsh Leyland's special productis division.

While Mr. David Abell, managing director, is determined that it should expand, and has made several take-overs recently, he is anxious to avoid hiving off from Leyland or being used for restructuring purposes beyond the division's own commercial interests—a position which has so far been strongly backed by the NEB.

Despite pressure from the Government, therefore, Lord Ryder who is keen above all to show the NEB's ability to operate efficiently at a good profit is unwilling to be hurried. No decision on a positive move is likely to be taken before the December Board meeting of the NEB.

The financing issues raised by this IRC role have yet to be considered. The NEB has been firmly promised additional funds by the Government. But the amount of the allocation within the aid-to-industry budget will have to await completion of the White Paper on Public Expenditure in the New Year.

In the meantime, Lord Ryder has now begun a series of meetings with the process plant companies to discuss major consortium tendering for foreign contracts.

# Rhodesia talks open briefly

BY BRIDGET BLOOM, AFRICA CORRESPONDENT GENEVA, Oct. 28.

THE BRITISH sponsored Rhodesia conference got off to a hestitant start here this afternoon. After a two-hour postponement, the first formal session lasted only half-an-hour and until to-morrow morning.

The proceedings consisted of a 20-minute speech by Mr. Ivor Richard, the conference chairman, who also read out a two-paragraph message from Mr. James Calalghan, wishing success for the conference as "a major step towards the attainment" of independence for Rhodesia.

Mr. Callaghan urged participants "not to let this opportunity slip" and assured them of the British Government's fullest support in their efforts.

Although no official reason beyond "technical problems" was given for the two-hour delay, it seems clear that it was a result of a protest against Britain's low-key role by two of the four African nationalist delegations.

Mr. Joshua Nkomo and Mr. Robert Mugabe, who have formed a "patriotic front," asked to see Mr. Richard just before the conference was due to open at three o'clock, and protested for the third time that a Cabinet Minister should take the chair.

The protest, while not designed to break up the conference, according to sources in the "front," was intended to push Britain into taking a more positiverole and accepting fully its responsibilities as the "decolonising power" in Rhodesia.

> Guerillas have killed an elderly white couple on a farm in the Inayunga holiday resort area near the Mozambique border, Rhodesian security forces said yesterday. The communiqué also reported the deaths of a white soldier and 19 guerillas.

Mr. Richard is understood to have replied that there was no question of a British Minister taking the chair since he had a full mandate from the Cabinet.

Whether these delaying factics will continue remains to be seen, but the sombre faces of most of the 65 delegates as they entered the marble conference chamber of the old League of Nations building seemed to indicate that this will be a highly complex and difficult meeting.

As delegates assembled, watched by the Press, the tense atmosphere was perhaps summed up by Bishop Muzorewa, who prominently displayed, in front of the two empty chairs alongside him the names of two black Rhodesians, one in jail in Rhodesia and the other believed captured by the Rhodesians and, according to nationalists, thought to be dead.

Mr. Richard's speech, in private session, appears to have been in tune with his evident attempt to avoid confrontation between the white Rhodesians and the nationalists.

He is understood to have said that this conference was different from all those so far held on Rhodesia because for the first time the Government there had accepted majority rule. The question was when and how it would come.

To-morrow is apparently to be taken up by set speeches by five delegation leaders.

U.S. official may attend, Page 6

LOMBARD

# Fear underlying Bonn's sympathy

BY NICHOLAS COLCHESTER

WEST GERMANY has reacted with remarkable self-restraint to the British Prime Minister's *assertions on Monday night that* Germany should bear part of the responsibility for securing the sterling balances and that tough IMF terms might well have repercussions for the Army of the Rhine. "He was undiplomatic" an official said sadly, "but who could be diplomatic that late and after such a day."

Behind this show of understanding lies a well established feeling of involvement in *Britain's future. Bonn is not the* capital of a rich, aloof, and self-assured country that is disappointed, in a detached sort of way, at Britain's misguidedness. Rather, it is the capital of a country that is quite plainly fearful of the effect that Britain's *troubles. Italy's troubles, and* perhaps later France's and Denmark's troubles, could have on *its own prosperity.*

Bonn knows that it must do what it can to help Britain, for its own good. The closer one gets to the German Chancellor the more one senses awareness that the troubles of the 1975 world recession are not over and that the scope for Chancellor Schmidt's skill in the field of international economic diplomacy is *far from exhausted.*

Yet the German Chancellor is not at the controls of an *economic machine—machine*-like though it may seem to British eyes—that will uniformly *swing in the direction of his* choosing. It is precisely at this moment of doubt in the economic recovery that differences of opinion between those interested in growth and those concerned about inflation are programmed to emerge.

Two weeks ago the German Government was forced to choose between a revaluation of the D-mark that it did not want and the Bundesbank's veiled threat to compensate for *currency inflows with restrictive* monetary measures if it did not get the re-alignment within the *snake that it desired. Bonn de*cided to give way. Early this week the five German economic institutes could not agree on the economic prospects for 1977. Four of them thought that Germany's real growth would be 5.5 per cent. (compared with 6 per cent. this year) and that unemployment would decrease a bit. The fifth thought growth would be *only 3-4 per cent.* and that unemployment would remain unchanged at around the *million mark.*

German industrialists seem predominantly to share the gloomier view—some growth, but with little need for new hiring.

Meanwhile the unions, whose *willingness to co-operate with* demands for wage restraint has seemed so remarkable to a British observer in the last two years, are beginning to rattle *their traces as these demands* continue. Increasingly one senses their frustration at appearing to be little more than "yes men" who concur with the "right" *degree of wage rise* that is established between economists, the government and the Bundesbank.

It is to this rather uncertain Germany that the British Prime *Minister is appealing, and not to* a confidently rich uncle who is deciding coldly whether to bail out an errant nephew or to let him suffer a little longer. If anywhere in German officialdom there remains a tendency towards a rather mechanical per*fectionism* it is in the Bundesbank in Frankfurt.

## Optimistic

*One has to tread very care*fully in being critical here. The empirical evidence of the 1970s is that Germany has achieved its unique economic position partly because of a Bundesbank which is independent and which is trying through monetarist self-discipline not to over-react to economic hopes and to economic fears. Moreover, it is now said *in Frankfurt banking circles that* the Bundesbank is far from being monolithic in its judgment of *what is in the interests of the* German economy.

The Bundesbank has, however, been determinedly optimistic in its views of the economy and has *remained more interested in* removing all possible chance that the economic upswing could lead to new inflation than in assuring that this upswing continues. At the same time the discount rate of just 3.5 per cent., while low by international standards, is plainly not so low that foreign investors are in any way deterred by it and that *upward pressure on the D-mark* is reduced.

Germany may not want the deutschemark to become a "reserve currency" and may wonder how it could be expected to take over Britain's sterling balances. The figures suggest *that one of Britain's problems* is that both phenomena are actually occurring. Otmar *Emminger and Karl Glasen* should perhaps be the next Germans to dine with the Prime Minister at Chequers.

RACING — BY DOMINIC WIGAN

# Hotfoot juvenile appeals

FULKE JOHNSON Houghton, whose fine filly, Rose Bowl, is cautiously priced at 4-1 by the Tote for the Washington DC *International at Laurel Park,* where she could start at twice those odds, saddles *Hot Grove* for to-day's Blackburn at Haydock.

A *highly respectable third* behind Gairloch and Pampapaul in the £10,000 Royal Lodge Stakes at Ascot on his last appearance, this Hotfoot juvenile *ridden by Willie Carson appeals* as the afternoon's safest proposition.

Hot Grove, whose two runs before his Royal Lodge effort *brought victories at Salisbury* and Chester, was always fighting the winner and runner up going just too well for him on the Berkshire course.

However, he was by no means disgraced, finishing fully five lengths in front of the fourth horse *Millionaire, from whom he* had only just scraped home in Salisbury's Champagne Stakes, on his debut.

Hot Grove, who will have no difficulty in getting this stiff mile in what are sure to be particu*larly testing conditions, may find* the once raced Nice'n Easy his most formidable opponent.

This Crooner colt, to whom he has to concede 10 lb., looked to be a useful animal in the making when outpointing Rockery and 14 others in a division of the Donnington Stakes at Bath early this month.

A second possible winner for Willie Carson is Self Satisfied. This luckless three-year-old, who has finished runner-up in each of her last three races, bids to end the sequence in the Claude *Harrison Memorial Trophy.*

Although Self Satisfied's *chance must* be respected, I intend opting for the lightly weighted *Faridina* who has come right back to her best. Ian Walker's Sky Gypsy filly will be ideally suited by the prevailing heavy ground, and she appeals as a sound betting proposition.

At to-day's other flat meeting, Newmarket, it will be interesting to see if Mr. Charles St. George's much vaunted two-*year-old Running Bull* proves up to making a winning debut in the first division of the Red Lodge Maiden Stakes.

HAYDOCK
1.45—Hot Grove***
2.45—Faridina**

NEWMARKET
1.00—Running Bull
1.30—Nargis
2.00—*First Bend*
2.30—Rajal
3.00—*Wild Spring*
3.30—Lady Mason
4.00—Karella*

SANDOWN
1.00—Island Prince
1.30—Isle of Man
2.00—Peace Pact
2.30—Tree Tangle
3.00—Dyscale
3.30—Queen's College

SALEROOM — BY MICHAEL THOMPSON-NOEL

# Diamond ring for £10,500

THE ART MARKET was relatively subdued yesterday, although at Sotheby's jewels continued to go as well as they have all season in a sale which totalled £182,621, with only 6.4 per cent. of lots unsold.

*Demand was evenly spread* throughout the catalogue, with Moussaieff, a London dealer, paying the day's top price of £14,000 (plus £1,400 buyer's premium) for a diamond-hinged bangle set with a single row of circular-cut stones.

The same dealer paid £5,800 for a ruby-and-diamond line bracelet by Cartier. The second highest price, £10,500, was given by another London source for a circular-cut diamond mounted *between diamond single-stone* shoulders as a ring, while an anonymous bidder gave £4,600 for an emerald-and-diamond line bracelet.

Sotheby's sale of English and foreign silver and plate brought in £26,443, including £1,200 from a London dealer for an early 19th-century George III fiddle pattern set of table silver com*prising 12 tablespoons, 12 forks,* 12 dessert spoons 14 dessert forks, 12 teaspoons, a serving spoon and two sauce ladles.

At Sotheby's Belgravia there was some fairly spirited bidding *during a sale of English ceramics* which totalled £42,536. The highest price, £2,300, was given anonymously for an extensive Derby Crown Porcelain Company and Royal Crown Derby dinner service in blue, iron-red and gilding, with various date codes, mainly for 1889 and 1919.

The next highest lot, a pair of late 19th-century Mintons turquoise-ground candelabra decorated with small panels of classical subjects, was bought *by a London dealer for £1,400.* They had been expected to fetch only £400-£600.

At Christie's a sale of objects of art, Victorian furniture and Eastern rugs and carpets amounted to £70,070. An ornate gilt-metal and porcelain clock-set, the clock with Sèvres-pattern plaques painted with *fêtes galantes* on a gros bleu background and accompanied by two vases *en suite*, fetched £3,200 to A. and F. Gordon. Singer paid £2,700 for a pair of Louis Philippe porcelain-mounted kingwood pedestal cabinets each 26 inches wide.

At Christie's South Kensington the market in 19th- and 20th-century photographs, particularly those by the best-known English photographers, continued its strong run with a sale of £58,389.

The most spectacular price, £11,000, was paid by Graphics International of Washington, U.S., for a book of 40 platinum prints by Peter Henry Emerson entitled Life and Landscape on the Norfolk Broads. The morocco-backed vellum binding comprised an edition de luxe of the book, which was limited, according to Emerson's records, to 25 copies published in 1886 at £10 10s.

A New York dealer gave £3,000 for a superb collection of photographs taken on an expedition to Greenland by the artist William Bradford and his assistants Dunmore and Critcherson. Another significant price was the £1,900 given by a London bookseller for a print of a photo*graph of Thomas Carlyle, taken* in 1867 by Julia Margaret Cameron. The price was a record for an individual *Cameron* photograph.

For a more modest sum, £210, the National Portrait Gallery secured a photograph of Captain Scott by Herbert Ponting. The picture shows Scott filling in his diary during his Antarctic expedition of 1910-13.

In Basle, a Robson Lowe sale of Europa stamps and other philatelic material amounted to £130,115, with demand for Dutch and Spanish material particularly strong.

APPOINTMENTS

# W. B. Duncan to become a deputy chairman at ICI

Mr. W. B. Duncan has been appointed a deputy chairman of IMPERIAL CHEMICAL INDUSTRIES from January 1. Mr. S. D. Lyon, a deputy chairman since 1972, retires on March 31 after nearly 31 years with the company. Mr. Duncan is at present ICI's *commercial director* and also has responsibility for the Americas and for crop protection products. He was appointed to the ICI Board in November, 1971 while still in the U.S. as president and chief executive officer of ICI North America (now ICI Americas Inc.).

★

Mr. P. A. Graham, deputy managing director of the STANDARD CHARTERED BANK, is to become managing director on the retirement of Mr. R. A. S. Lane on March 31 next. Mr. A. I. Robertson, a senior general manager, will succeed Mr. Graham as deputy managing director. Mr. *M. D. McWilliam*, a general manager, will become a senior general manager. On his retirement, Mr. Lane will be vice chairman. Although he will cease to have executive duties, he will be available as vice chairman to *undertake* any special tasks at the request of the *Board.*

★

Mr. W. Kenyon, Mr. F. J. Carter and Mr. M. R. N. Moore have been appointed to the Board of BARKER AND DOBSON. Mr. Kenyon will, in due course, *become* the chief executive of the confectionery division; Mr. Carter, currently financial controller, has been made *financial director;* and Mr. Moore, a director of Keyser Ullmann, has been appointed a non-executive *director* of Barker and Dobson.

★

Mr. Michael Shanks, a *director* of BOC International, and formerly EEC Director-General for Social Affairs, has been appointed a member of the council of *management* of the HENLEY CENTRE FOR FORECASTING.

★

CORNHILL INSURANCE COMPANY announces that Mr. J. T. Faber and Mr. A. R. *Taylor* have resigned from the Board. Their *resignations* are due to the obligations imposed on them, as directors of insurance brokers, *Willis* Faber and Dumas, by the Insurance Companies (Intermediaries) Regulations. Although an *association* at Board level since 1905, when Cornhill was founded, must be terminated, it is the intention of both companies that *the association shall continue.*

★

Mr. Anthony J. Fisher has been appointed to the Board of ... BROTHERS and continues as chairman of the Press at ... lands, a subsidiary.

★

Miss Eileen Callen has been appointed deputy secretary of NATIONAL WESTMINSTER BANK from November ... She has been assistant secretary since *1970.*

★

Mr. A. M. Hardman has been appointed *technical* director and Mr. M. A. Rogers employee relations director, on the Board of *CHLORIDE ALCAD*, a member of the Chloride Group.

★

Mr. D. D. Cameron and Mr. ... Leetham have been appointed *joint* managing directors of VINCENT EWART ASSURANCE SERVICES.



# TV/Radio

† Indicates programmes in black and white.

## BBC 1

9.30 a.m. For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Teddy Edward. 1.50 Ring a Ding. 2.02 For Schools, Colleges. 3.00 Her Nodiant. 3.30 Day and Night. 3.53 Regional News (except London). 3.55 Play School. 4.20 It's the Wolf. 4.25 Jackanory. 4.40 Froggie and Me. 5.00 Blue Peter Special Assignment.
5.40 News.
5.55 Nationwide.
6.45 Sportswide.
7.00 Holmes and Yoyo.
7.25 Ken Dodd's World of Laughter.
8.10 When the Boat Comes In.
9.00 News.
9.25 The Quest.
10.15 Tonight.
10.45 Regional News.
10.46 The Friday Film: "Rosemary's Baby" starring Mia Farrow.

All Regions as BBC 1 except at the following times:—

Wales—1.45-2.00 p.m. Nant-y-Pant. 5.55 Wales Today. 7.00 Heddiw. †7.20 Laurel and Hardy in "Be Big." 7.45 Her Nodiant. 8.15-9.00 Ken Dodd's World of Laughter. 9.25 When The Boat Comes In. 10.15 Kane on Friday. 10.45-10.46 News for Wales.

Scotland—10.23-10.43 and 11.30-11.50 a.m. For Schools. 5.55 *Reporting Scotland.* 7.00 Ken Dodd's World of Laughter. 7.45 When The Boat Comes In. 8.35-9.00 *Current Account. 10.15 The* Pleasure Is Mine. 10.45-10.46 News for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-7.00 Scene Around Six. 10.15 Talking Heads. 10.45-10.46 News from Northern Ireland.

England—5.55-7.00 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands Today (from Birmingham); Look East (from Norwich); Points West (from Bristol); South Today (from Southampton); Spotlight South West (from Plymouth). 10.15-10.45 North (from Leeds) The Object in Question: North West (from Manchester) Home Ground: North East (from Newcastle) Friday North: Midlands (from Birmingham) Personal Account; West (from Bristol) Waugh Talk; South West (from Plymouth) Peninsula; South (from Southampton) The Hampshire Sound: East (from Norwich) (Newscue).

## BBC 2

11.00 a.m. Play School.
7.00 News On 2 Headlines.
7.05 Indoors Outdoors.
7.30 Newsday.
7.45 One Man And His Dog.
8.10 The Money Programme.
9.00 Well, Anyway.
9.30 A World of Music.
10.15 The Expert.
11.05 Late News On 2.
11.15 Open Door.
11.45-11.50 Closedown. Cyril Cusack reads "The Hedgehog" by John Clare.

## LONDON

9.30 a.m. Schools Programmes. *12.00 A Handful of Songs.* 12.10 p.m. Hickory House. 12.30 Battle of the Comics. 1.00 News *plus weather and FT index. 1.20* Lunchtime Today. 1.30 Crown Court. 2.00 Money-Go-Round Good Afternoon. 2.25 Racing from Newmarket. 3.50 Emmerdale Farm. 4.15 The Kids from 47A. 4.45 Magpie. 5.15 University Challenge.
5.45 News.
6.00 Today.
6.35 Crossroads.
7.00 Lucky Feller.
7.30 Sale of the Century.
8.00 Within These Walls.
9.00 Police Woman.
10.00 News.
10.30 1976 Sun Television Awards.
11.30 Russell Harty
12.20 a.m. Close—*Sandra Freeman reading some of Wordsworth's poems.*

*All ITV Regions as London* except at the following times:—

### ANGLIA

1.25 p.m. Anglia News. 6.00 About Anglia. 8.00 The Streets of San Francisco 9.00 Beasts. 10.30 Probe Special. 11.00 Sun Television Awards 1976. 12.00 Survival. 12.30 a.m. Men Who Matter.

### ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 5.15 Spiderman. 6.00 ATV Today. 7.00 Bugs Bunny. 7.05 Jonathan Routh and Candid Camera. 8.00 The New Avengers. 9.00 Beasts. 10.30 Extra Time. 11.00 Sun Television Awards, 1976. 12.00 The Protectors.

### BORDER

†1.20 p.m. Border News. 6.00 Border News and Lookaround. 7.00 Follow That. 8.00 The New Avengers. 9.00 Beasts. 10.30 This Sporting Month. 11.00 The Sun Television Awards 1976. †12.00 Border News Summary.

### CHANNEL

†1.20 p.m. Channel Lunchtime News and What's on Where. 6.00 Report at Six. 7.00 Treasure Hunt. 7.30 Two's Company. 8.00 The New Avengers. 9.00 Beasts. †11.25 News and Weather in French.

### GRAMPIAN

1.20 p.m. Grampian News Headlines. *5.15 Survival. 6.00 Grampian Today.* 7.00 Welcome to the Ceilidh. 8.00 The New Avengers. 9.00 Beasts. 10.30 Points North. 11.30 Dan August. 12.25 a.m. Evening Prayers.

### GRANADA

1.20 p.m. *What on Earth.* 5.10 This is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Kick Off. 7.00 Cartoon. 7.05 Jonathan Routh and Candid Camera. 8.00 The New Avengers. 9.00 Beasts. 11.30 For Adults Only: "The Victim."

### HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only 4.15 Chuckleheads. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. *6.30 Lucky Feller.* 7.00 Yes My Dear. 7.30 Six Million Dollar Man. 8.30 Sale of the Century. 9.00 Beasts. 10.30 Report Extra. 11.00 Sun TV Awards 1976.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.15-4.45 Taro Naw. 6.00-6.15 Y Dydd. 10.30-11.00 Outlook.

HTV West—As General Service except:—1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

### SCOTTISH

†1.25 p.m. Road and Weather Report. 2.00 Women Only. 5.15 Animal Alphabet Parade—"S". 5.20 Crossroads. 6.00 Scotland Today. 6.35 Jonathan Routh and Candid Camera. 7.00 Hello, Good Evening. *Welcome. 8.00 The New Avengers.* 9.00 Beasts. 10.30 Ways and Means. 11.00 Sun Television Awards 1976. 12.00 Late Call. 12.05 a.m. Police Surgeon.

### SOUTHERN

1.20 p.m. Southern News. 2.00 Women Only. 5.15 Weekend. 5.20 Crossroads. 6.00 Day by Day (Channels 6, 11, 27, 42, 58 and 60). 6.00 Scene South East (channels 10, 43, 64 and 66 only) 6.35 *Out of Town. 7.05 Jonathan Routh and* Candid Camera. 8.00 The New Avengers. 9.00 Beasts 11.30 U.F.O. 12.25 a.m. Southern News Extra.

### TYNE TEES

9.25 a.m. Starting Point. 1.20 p.m. North East News and Lookaround. 5.15 The Flintstones. 6.00 Northern Life. 7.00 Cartoon Time. 7.05 Jonathan Routh and Candid Camera. 8.00 The New Avengers. 9.00 Beasts. 11.30 Sportstime. 12.00 Police Surgeon. 12.30 a.m. Open Bible.

### ULSTER

1.20 p.m. *Ulster News Headlines* followed by Lunchtime. 3.48 Ulster News Headlines. 6.00 UTV Reports. 6.25 Police Six. 8.00 The New Avengers. 9.00 Beasts. 10.30 Sportcast. 11.00 The Sun T.V. Awards.

### WESTWARD

*12.25 p.m. Gus Honeybun's Birthdays.* 1.20 Westward News Headlines 6.00 Westward Diary and Sports Desk. 7.00 Treasure Hunt. 7.30 Two's Company. 8.00 The New Avengers. 9.00 Beasts. 11.30 Westward Late News. 11.33 The Baron. 12.25 a.m. Faith for Life.

### YORKSHIRE

1.20 p.m. Calendar News. 5.15 The Flintstones. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Cartoon Time. 7.05 Jonathan Routh and Candid Camera. 8.00 The New Avengers. 9.00 Beasts. 11.30 Calendar Sport. 11.45 The Collaborators.

## RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Paul Burnett, including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 It's DLT OK! 5.45 Newsbeat. 6.02 John Dunn (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

## RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S), including 6.15 Pause for Thought. 7.02 Terry Wogan (S), including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF) 2.02 David Hamilton (S) as Radio 1, but including on 1,500m only (also 202m Scotland). 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S), including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 The 78 Show. 7.30 *Sammes' Songs (S). 8.02 Ronnie Aldrich* conducts the BBC Radio Orchestra (S). 9.02 Friday Night is Music Night (S). 10.02 Sports Desk. 10.05 Barn Dance in the Radio 2 Ballroom (S). 11.02 Len Jackson with The Late Show (1,500m only, also 202m Scotland. VHF joins *Radio 1*). 12.00-12.05 a.m. News.

## RADIO 3 464m. Stereo & VHF

2 *Medium Wave only*

6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Reger (S). 9.50 BBC Northern Ireland Orchestra (S). 10.35 Albinoni concert (S). 11.20 Piano Recital (S). 12.20 p.m. Midday Concert, part 1: Mozart, Britten (S). 1.00 News. 1.05 Playbill (S). 1.20 Midday Concert, part 2: Schumann (S). 1.55 Haydn and Smetana chamber music concert (S). 2.45 Stravinsky and Pergolesi concert (S). 4.10 Weber concert (S). 5.25 Flute Sounds (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). †6.30 Lifelines: Leisure and Recreation. 7.30 Albert, Prince Consort (S). 7.45 London Philharmonic Orchestra *concert part 1. Handel, Chopin (S).* 8.35 Death of the Word (short story). 8.55 London Philharmonic Orchestra concert, part 2: Beethoven (S). 10.00 Music Now (S). 10.45 Hans Hotter Master Classes (S). 11.25-11.30 News.

Radio 3 VHF only—6.30-7.30 p.m. Open University.

## RADIO 4

434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today. 7.00 News and more of Today, including 7.25 (VHF) *Regional News.* 7.45 Thought for the Day. 8.00 News and more of Today, including 8.25 (VHF) Regional News. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Voice of the People († from 9.40). †10.00 News. †10.05 Checkpoint. 10.30 Daily Service. †10.45 Morning Story. †11.00 News. †11.05 Robins. †11.50 First Impression. 12.00 News. 12.02 p.m. You and Yours. 12.27 Dr. Finlay's Casebook. †12.55 Weather, programme news. VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour († from 2.00) from Bristol, including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 Any Answers? 4.35 *Story Time. 5.00 PM Reports.* 5.50 Financial Report. VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Harry Worth. 6.45 The Archers. 7.00 News. 7.05 The World in Focus. 7.30 Pick of the Week. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book At Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.25 Week Ending. 11.40 News.

For Schools (VHF only)—9.40 a.m.-12.00 and 2.00-3.00 p.m.

## BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Susie Barnes with Rush Hour. 9.00 Lobby. 9.20 John Toogood with London Live. 11.03 Jenny Thompson and Diana Rice with In Town. 12.03 p.m. Call In, including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 Tony Fish with Home Run, including 4.50 and 5.50 London News Desk. 6.00 London Sports Desk. 6.30 Look, Stop, Listen. 7.30 Jenny Thompson and Diana Rice with In Town (as 11.03 a.m.). 8.30 Black Londoners. 10.03 *Andy Finney with Single File.* 12.00-Closedown As Radio 2.

## London Broadcasting

261m and 97.3 VHF

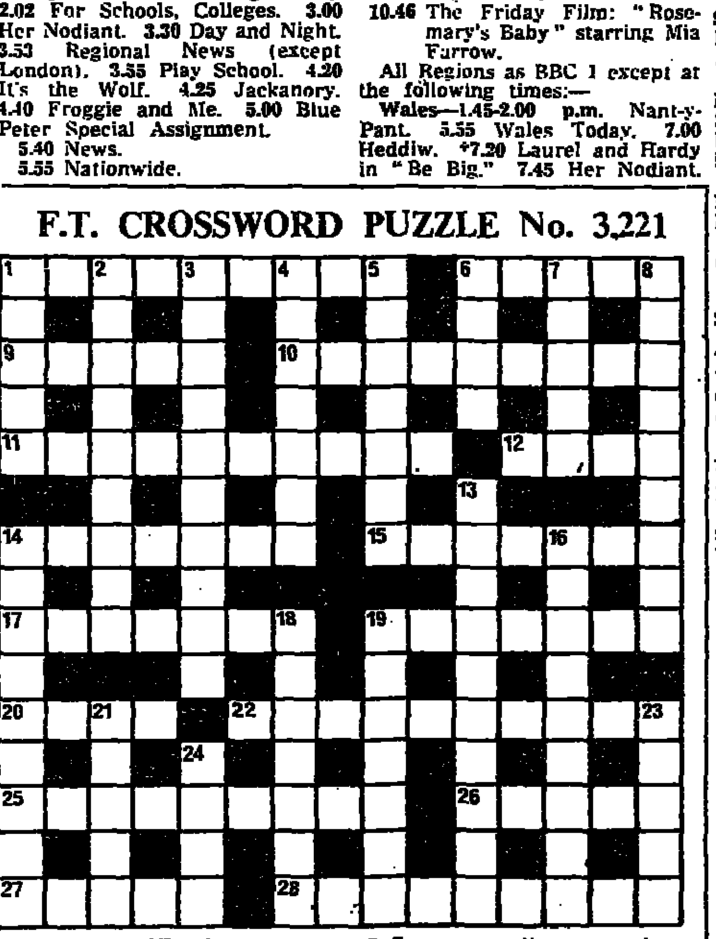
5.00 a.m. Morning Music. 6.00 "AM"—breakfast-time show. 10.00 Brian Hayes. 1.00 p.m. Newswatch. 5.00 Newsbreak. 8.00 Music in Stereo. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every *half-hour.*

## Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene: The Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash: Cash on Delivery. 3.00 Roger Scott. 7.00 London Today. 7.30 Open Line. 9.00 Nicky Horne. 11.00 Tony Myatt. The Late Show. 2.00-6.00 a.m. Night Flight.

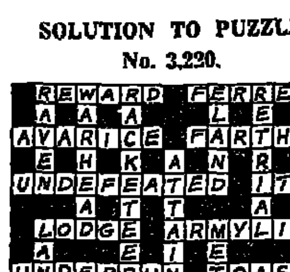
## F.T. CROSSWORD PUZZLE No. 3,221



ACROSS
1 Repairing road with irritation (9)
6 Caught girl in form (5)
9 Is Oriental in navy out of bed? (5)
10 Parking with freedom from restraint is a commonplace (9)
11 A scene of outstanding prettiness one may have to face (6, 4)
12 Animal without water (4)
14 Playing cards before time and making a bundle (7)
15 A happy one may be the end (7)
17 It could be the first or second bit of cord in a line (7)
19 Cut out favourite bit of news (7)
20 Move slowly in church (4)
22 A good man speaking, with difficulty (10)
25 Choose examination relating to voters (9)
26 Sailor has to employ deceit . . . (5)
27 . . . and sailor goes to railway to wait (5)
28 Get old men to provide accommodation (9)

DOWN
1 Cancel the wash (5)
2 Mentioned as an example in standing and died (9)
3 Reserve studies characteristic round the north (10)
4 Deadlock for one politician when going to south-east (7)
5 County needing our charm (7)
6 Shot a bit out of the crockery (4)
7 A goddess to entertain (5)
8 Not salt beef but a confection (9)
13 Wrongfully repeat, being *ignorant* (10)
14 Supply a book that is thrifty (9)
16 Mixed meal I'd put in range (9)
18 American volume a learner is following word for word (7)
19 Landed and paid up (7)
21 Encourage applause . . . (5)
23 . . . and receive with joy or cry (5)
24 Remain behind and support (4)

SOLUTION TO PUZZLE No. 3,220.



**University of York**

# Young Composers' Forum

by MAX LOPPERT

The most recent of the BBC Young Composers' Forum series was held on Wednesday in York University's Lyons Concert Hall. These concerts, the purpose of which is to display new works by composers under 35 in what the announcer of the evening described as a "non-competitive atmosphere," are greatly worth while. At York, where to-day's music is, in the very best sense, everyday fare, the audience was not composed entirely of participants, critics and publishers—it was clearly, and interestedly, a "real" audience, of decent size.

Two composers among the four displayed have gained a certain prominence recently. One, Giles Swayne (b. 1946), was represented by *Synthesis* (1974) for two pianos, commissioned and played with sparkling virtuosity by Susan Bradshaw and Richard Rodney Bennett. It sets the players in immediate and almost unbroken conflict, in terms of material and characteristic manner, in order to create what the composer terms a "large-scale sonata-type movement based on the principle of development through opposition." The "male" part, defined as "aggressive," begins with pouncing, growling ninths in the bass; the "female" enters with flickering high flourishes. Conflict, which ranges widely and with exuberant determination, appears to be ended by the semitonal trilling in both parts, delicately graced to tell of final pacification and amity.

On first encounter with the piece, I did not feel development by contrast to be a "sonata" principle so much as a gestural, dramatic activity; but found the passage of 15 minutes gripping.

From the other familiar name, Stephen Reeve, there were two pieces in the programme. *Ardeurs de la flamme ouverte* (1974-75) for 'cello and piano (Rohan de Saram and Miss Bradshaw) was the more recent—a series of impressions (or should one, slipping into the Gallic symbolist preciosity that marks Mr. Reeve's titles, call them *estampes*?) on the soft, liquid, ambiguous sounds of thirds and tritones, shaded in the wide variety of timbres and tone-colours drawn from the instruments. The range of the material, and the limitations of the chosen spectrum, are precisely understood by the composer, and the result is discreet and economic—unlike *The Kite's Feathers* (1968-70), the long song-cycle for mezzo-soprano, alto flute, violin, cello and two percussion players, which closed the concert. The texts are Japanese haikai, in translation; the instrumental effects move with evocative spareness between free notation and close synchronisation (difficult without conductor); and the end, as all performers tinkle bells and hand cymbals, is delicate.

The singer, clean and quick in exhibition of non-vibrato tones, trills and speech-song inflections, was Josephine Nendick; the players were drawn from the Northern Sinfonia Ensemble, who also provided the instrumentalists for George Brown's *A canon for the reverend*, an essay in varieties of four-part canonic counterpoint of which I made little. Completing the programme was the Piano Sonata (played by Miss Bradshaw) of Stephen Pratt (b. 1947), a dry, serious, rather admirable one-movement work, placing the weight of its musical substance on the listener's ability to perceive and retain the significance of certain angular intervals. The progress of intervals is, indeed, the musical *lingua franca* of our day.

**Sadler's Wells Theatre**

# Ariodante

by ANTHONY HICKS

This year, as last, the Handel Opera Society's Sadler's Wells season extends over a week and a half. The new production, *Belshazzar*, will be first seen tonight. Its companion is a revival of the 1974 production of *Ariodante*, which opened on Wednesday.

*Ariodante*, first performed in January 1735, needs no special pleading. Salvi's libretto, as clear and coherent as could be wished, is soundly based on an episode in Ariosto's *Orlando Furioso*. The princess Ginevra loves Ariodante and rejects Polinesso. Polinesso induces the lady-in-waiting Dalinda to dress as her mistress and arranges for her to be seen inviting him lovingly into the royal apartments. Ariodante attempts suicide and is presumed drowned; his brother Lurcanio denounces Ginevra. Polinesso hypocritically elects to defend Ginevra's honour and falls to Lurcanio just as Ariodante, now aware of the truth, returns to the court to resolve all misunderstandings and claim his bride. Dalinda, forgiven, belatedly accepts Lurcanio. A ballet—Handel had available the French dancer Marie Sallé and her troupe—ends each act.

While remaining utterly of its period the music exudes a warmth and tenderness that may reasonably be called romantic. This was the time of Handel's developing interest in oratorios and odes, and the extra measure of richness and refinement in the operas of the period may well be a result of the consequent broadening of his musical technique.

David Thompson's production brings the story forward from the time of Charlemagne to the 18th-century Gothic revival. This has its rewards (notably the elegant sets by Hans Bastiaan—skeleton towers and a large tapestry which descends for indoor scenes) but one feels the clash between the Gothic style and such essentially medieval concepts as trial by combat and a death sentence for unchastity. The costumes further confuse by seeming to span a quarter century either side of 1800.

As in 1974 the good points of the staging are the smooth scene transitions and skilfully handled exits and entrances. One or two points have changed, not always for the better. In 1974 Ginevra was constrained to sing her little *da capo* soliloquy of foreboding, "Mi palpita il core," before the assembled court, to everyone's embarrassment; the libretto indicates she should be alone. Mr. Thompson has now resolved the matter by omitting the aria altogether, a sad case of production convenience over-riding the needs of the music. Other cuts are mostly as before; the reduction of Polinesso's "Se l'inganno" to first section only is especially annoying.

Much joy is to be had from individual performances. The title role, written for the great castrato Carestini, requires vast resources of brilliance and expression. Patricia Kern's voice now lacks a little of the former quality, but her intelligence and experience stand her in good stead: she is moving in the hero's grief-stricken moments and more than adequate to the formidable bravura of her final aria. Wendy Eathorne (Ginevra) seemed not fully settled into the character but sustained a true musical line through the evening. Sole survivor of the 1974 cast, James Bowman effectively suggests the villany beneath Polinesso's suave exterior. Joy Roberts makes a sympathetic and vivacious Dalinda; Anthony Rolfe Johnson brings power and passion to Lurcanio's arias, throwing off his embellishments with conviction. David Bacon's King bears a strong but possibly coincidental resemblance to George III; it is a kindly portrait, though without vocal distinction. Peter Jeffes's sprightly Odoardo deserves a word.

The dancers, from the Rambert School of Ballet, look good and execute Mary Skeaping's steps neatly; there is a lot of aimless milling round the stage, however. Charles Farncombe directs with a sure touch—perhaps the first duet was a shade dragged—and with the sense of style we have come to expect from him. The opera is sung in Brian Trowell's English version, which allows both music and drama to make their full impact.

Leonard Burt

Patricia Kern

**Almost Free**

# Grandma Faust

The buying and selling of souls is the subject of Edward Bond's hour-long lunchtime parable. The piece is offered as part of an American bicentennial season and the action takes the form of a spirited burlesque on a bare stage with a painted sky in the background. Uncle Sam, in full bicentennial regalia, is fishing in the toy river Mississippi, but has run out of bait. Grandma Faust—described by the author as a cross between Whistler's Mother and Grandma Moses—gives him a loaf of bread on condition that he secures for her the soul of a black man, Paul. But the slave's body is also in demand, for it is the eve of Mother Foot Pie Day and the black man's body is the provider of sumptuous home-made dishes for the rejoicing whites. Once Uncle Sam has tricked his victim into biting on the loaf (and the large fish hook buried inside), we move to the scene of an auction where a sale is completed for $30. The soul is thrown in, but as Grandma, alias the Devil, has a claim on it, she is anxious to shake Paul's spirit out of his body. But Paul proves to be resilient and clear-sighted. In a rigged wrestling contest in which Uncle Sam stuffs Grandma's truncheon into a doll symbolising the contested soul, Paul still manages to escape and the burlesque ends with a grim warning of righteous anarchy, the frustration of Uncle Sam and the retreat of Grandma to an Old Folks home.

Although the play is full of good writing, there is a serious dislocation of stage imagery from verbal argument. Admittedly Jack Emery's coy and lightweight production does little to help, but the toy fish and the patchwork doll are not really the sort of elements Bond the playwright handles best. It is wrong, too, for the racist streak in the dialogue to come across as precisely that, for Bond is obviously using the outrageous recurring metaphor of cannibalism to say something perfectly serious.

The production settles early on for a superficial attack in the performances of Henry Woolf as Grandma and Chris Malcolm as Uncle Sam, an attack that soon wears thin, revealing little residual toughness in the characterisations. Only Don Warrington as the delightfully naive but clear-headed slave provides the appropriate resonance and, single-handedly, he prevents the show from collapsing entirely into a dubious, mock-liberal charade.

MICHAEL COVENEY

**Cinema**

# Carry on better, England

by NIGEL ANDREWS

| | |
|---|---|
| Carry On England (AA) | London Release |
| Sebastiane (X) | Gate |
| The Moon Over The Alley | National Film Theatre |
| The Bingo Long Travelling All-Stars And Motor Kings (A) | Plaza 1 |
| The Return of a Man Called Horse (AA) | Odeon Leicester Square |

"Made in Britain"—the phrase has no less deathly a ring when applied to our contemporary film industry than to other currently ill-fated areas of national productivity. The latest bedraggled also-ran to canter past the finishing post in the British commercial feature film stakes is *Carry On England*: a horse from the usually reliable stable of Peter Rogers and Gerald Thomas. This animal, the 25th or so in the series, has the marks of defeat about it from the start: heavy breathing, a tendency to froth at the mouth, and in the saddle not the dependable Kenneth Williams or the lamented Sidney James but over-anxious and under-exercised reserve jockey Kenneth Connor. Recent signs that the series was beginning to pick up prove sadly chimerical in this mirthless romp set in an army camp in World War Two; and one suspects that a new scriptwriter is needed (or a return to the old one, Talbot Rothwell) if the Carry On films are to keep their place as the standard-bearers of British low comedy.

On the independent front, the outlook for British cinema is a little brighter. *Sebastiane* is a sumptuously photographed film on the life of the 4th century Roman saint whose picturesque martyrdom at the hands of a bow-and-arrow firing squad became a popular subject for medieval painters. The mixture of cruelty and languor in his death singled out Sebastian as a favourite icon for homosexual artists. Studied with arrows, the painted martyr still managed to gaze heavenward with tranquil eyes, and to sustain *in extremis* a languidly youthful and prepossessing pose.

*Sebastiane* is a feature film debut both for its directors, Derek Jarman and Paul Humfress, and for its writers, Jarman and James Whaley. Within a broadly accurate historical framework—Sebastian was a Roman Captain of the Guard, and "favourite" of the Emperor Diocletian, whose conversion to Christianity resulted in his execution—they have created a collage of imaginary episodes and ornately anachronistic images, linked by the common theme of homosexuality. Far from attempting to "set the record straight" on the individual details of Sebastian's life, the film-makers have chosen to elaborate the alluring half-truths of legend, and to take up the inviting hints of sexual and religious masochism thrown out by Sebastian's medieval portraitists.

Saint Sebastian's martyrdom, from 'Sebastiane'

After a hectic Bacchanalian prelude in Diocletian's palace—complete with multi-coloured phalluses and synthetic sperm—the film moves to the bleached and barren military outpost where Sebastian has been exiled. Here the story becomes a sometimes beautiful, sometimes baffling study of Men in Limbo: alternating scenes of explicit homosexuality (from love play in lyrically sparkling streams to barrack-room sadism) with glimpses of Sebastian's lonely and increasingly obsessive mysticism.

There are several aspects of the film that puzzle one. Jarman and Humfress have presented a gorgeously evangelistic vision of homosexuality—the kind of uninhibited eroticism that one had never hoped to see reaching this country's cinema screens, let alone eluding the censor's ever-vigilant scissors. But the actual *theme* of homosexuality seems something of a red herring. Do the makers intend it as an analogy to Sebastian's own persecuted minority belief? (If so, why do his fellow soldiers practise it with cheerful guiltlessness?) Is it part of what he is rebelling against? (Homosexuality as an age-old emblem of the decadence that destroys nations.) Or should one discard all such philosophical worries and simply view the film as an improvisation on a theme, a kind of historical-erotic fantasia?

No approach quite resolves the sense of dissatisfaction the film leaves behind. Although its individual parts are bursting with talent—the surprisingly successful use of Latin dialogue (with English subtitles), Peter Middleton's beautifully clear colour photography—they never come together into a convincing whole. Inexpensively financed (by private contribution), the film was shot in Sardinia in four weeks and, in the words of the Press hand-out, "altered and improvised to include both the actors' talents and the potential of the location." The result, alas, reflects the working method. There is no doubting the film-makers' flair and inventiveness, but one would love to see what they did with those qualities in a more coherent context.

**The Entertainment Guide is on Page 18**

*The Moon Over the Alley* is another British independent film—more modest in its scope, more claustrophobic in its setting. Set in the ethnic melting pot of London's Portobello Road, and environs, it's a kind of slumland musical: following the fortunes of a group of poor people—squatters, tramps, immigrants—living in a street scheduled for demolition. Director Chuck Despins and writer William Dumaresq made a superb little film some years ago called *Duffer*—also set in the seedier reaches of London's bedsitter land—and their new film boasts the same oddly magnetic mixture of whimsy, social realism, and sudden bursts of violence.

A rooming-house landlord and his shrill German wife; a teen-age boy and girl enjoying their first romance; a pair of elderly buskers; a negro couple; a young American boy with ambitions to be a singer—all these are thrown together into the social cauldron. The film seems at first to have the crusading optimism of a Love-your-neighbour advertisement by the Race Relations Board. But the cuteness of early scenes gradually disappears, giving way to a dark urban melancholy. I have seldom seen a film in which the songs (by "Hair" composer Galt McDermott) grew so naturally out of the story, or survived in all their gentle melodiousness some fairly rough-and-ready staging.

*The Moon Over the Alley* is showing at the National Film Theatre next week as part of a season of films financed by the British Film Institute Production Board. The BFI is going through a torrid time from its critics at present: not least for its apparently incurable lethargy in finding exhibition outlets for Institute-financed films. The list of Production Board films that have been allowed to see the light of day in recent months is so impressive, in quality if not quantity (they include *Winstanley*, *Brown Ale With Gertie* and *Requiem For a Village*), that one hopes the BFI will come to its senses in time and start showing as much interest in selling their projects as in financing them. The National Film Theatre season, which is a must for anyone interested in seeing the best of independent British film-making, continues until November 12.

*The Bingo Long Travelling All-Stars and Motor Kings* is a likeable, effervescent American comedy about a 1930s negro baseball team who walk out on their tyrannical manager to begin a barnstorming career on their own as travelling sportsmen-cum-entertainers. Black cinema which has been striving with similar determination in recent years to find its own identity seems at last to be climbing out of the rut of flash crime thrillers, cute low-life comedies, and other films whose only discernible difference from Hollywood trash white-style was the colour of the actors' skins. *Bingo Long* has a clutch of lively performances (especially from Billy Dee Williams and James Earl Jones) and charm in abundance.

*

In *The Return of a Man Called Horse*, Richard Harris rides again as the English aristocrat with a penchant for life among the Red Indians. I didn't see the film's precursor, but vivid memories remain of the poster showing a semi-naked Mr. Harris hung up by a rope secured through his pectorals. He submits to the same unsightly treatment in this film: but takes time off between initiation ceremonies to help his adoptive tribe fight a group of white trappers who have driven the Indians from their land. Irvin Kershner, whose previous forte as a film-maker has been comedy, directs the film with a burnished reverence not quite warranted by the quality of the script.

**New End**

# Underarm Bowling

"We're a bit short of Buddhists," says Brother Jasper to Frank as he joins his do-as-you-please community. "Here we each find our own way." Frank, whose Buddhism was only the latest items in his collection of beliefs, finds his way to the kitchens and the scullery as a willing helper. Sister Patricia, a former bank-robber, remains neutrally cheerful, her friend, the rich but dotty Sister Dorothy, who was once disappointed in a serious train-crash because it lacked order and dignity, turns to manic violence.

She is helped on that way by Brother Peter, who claims to be a Manichaean but takes rather a one-sided view of that attitude, inclining strongly in the direction of evil rather than good. His trouble is that when he first joined, Brother Jasper chose him as his ultimate successor but later reneged on his promise; so Peter devotes himself to stirring up awkwardness among his fellow-members in the hope that Jasper can be overthrown.

Henry Woolf, the author and co-director of this unusual play, has created characters of depth and consistency, and is able to make their frequently eccentric activities seem convincing in context. Frank carves pumpkin-heads to keep out devils on Hallowe'en, a hobby Peter encourages, though he gives Frank up as a bad job when he finds him insuggestible. ("I really only expected pure thoughts and deep breathing," Frank admits.

Dorothy is another matter, and Peter soon leads her by a series of phoney exercises to a point where she is prepared for a little homicide. It is his bad luck that he himself should be the victim.

The play is a slow starter. As long as we are learning about Jasper's community, what they stand for, how each entrant reacts to its disciplines (or lack of disciplines) we are interested; but we learn all that quite soon, and we have to watch their life going on for too long without any hint of where it will lead. The plot begins to mature after the interval, and from then on all goes swiftly and excitingly.

Peter is given a truly sinister performance by Simon Rouse, who has a gift for suggesting evil in the most apparently innocent thoughts. Jasper (though he confesses to have deserted from the Army during the war) is really a big simpleton; Frank is astonished when he finds out that he is sincere. Ewen Solon gives him an ample measure of dignity and decency; we are left to deduce the simplicity for ourselves, and since big tough-gentle Frank can deduce that on his own it is clearly no great task. Frank is given a pleasing performance by Robert Walker, the other co-director.

The two girls' parts are both American, though only Ellen Sheean (Dorothy) is so offstage. Her rapid degeneration into mental instability under Peter's probing is suitably horrific. As Patricia, the nice one, Pamela Moiseiwitsch has little to do but be nice, and this she does with all necessary charm.

Only one comment on the direction: since most of the scenes end with a curtain-line, the blackouts could do with more suddenness.

B. A. YOUNG

**Covent Garden**

# MacMillan ballets

As a companion piece to the Ashton triple bill, three MacMillan ballets on Wednesday entered the current Opera House repertory: *Rituals*, *The Invitation* and *Elite Syncopations*.

When it was created 16 years ago, *The Invitation* was something of a milestone in Kenneth MacMillan's career. It showed his choreographic style maturing from its early brilliance into something more dramatically expressive and sure, and it marked something of a departure for the Royal Ballet's dancers as they learned to deal with a language inspired by the quest for psychological truth through movement.

*The Invitation* was also important in 1960, and remains so to-day, because of the quartet of roles that sustain its tensions. The present cast is exceptional, with Desmond Kelly and Vergie Derman absolutely right as the Husband and Wife who are to wreak havoc on the two adolescents. In a début performance, Wayne Eagling shows himself as a perfect incumbent of the Boy's role. He makes the character more sensitive than any other interpreter I have seen, less obvious in his nascent sexuality, more complex in his relationship with the Wife, and somehow unhappier.

And Lynn Seymour is to be seen in the part that was made for her, one which announced her to the world as a great dance actress: that of the Girl. Incredibly, she seems more suited to the role now than when she created it. She shows every minute shift in the Girl's feeling, and mature understanding enhances the truth of her portrayal rather than making us simply admire the skill with which she deals with its tragic development.

*Rituals* and *Elite Syncopations* are recent MacMillan works, dating from the past two years. Both show his mature style as very precise in its effects: the Japanese scenes of *Rituals* are like pages from a sketchbook in which impressions of a foreign land are pinned down in quick calligraphic brush strokes. It is not mere *japonaiserie*, but the carefully considered observations of a highly perceptive artist: at its most mysterious, in the Bunraku puppet scene and the celebration of motherhood, it catches the essence of its subject.

*Elite Syncopations* is, of course, a romp, but one designed to show off a great company, and it inspires some exceptional dancing. Invidious to name names, but Wayne Eagling here, as in each ballet in the programme, is an artist of rare and tremendous gifts.

CLEMENT CRISP

# EEC meeting to discuss sterling rescue operation

BY GUY DE JONQUIERES

BRUSSELS, Oct. 28.

THE EUROPEAN Commission is planning to hold a wide-ranging discussion of Britain's and Italy's economic difficulties at its next regular meeting on Wednesday, and is expected to examine ways in which the EEC might contribute assistance.

In the view of well-informed European officials, the most useful initiative the EEC could take for Britain would be to help lighten the burden of the sterling balances. But because of the large amounts of money involved, it is considered that this task would almost certainly be beyond the present resources of the Community, and that wider international participation would *be needed.*

Because of this, before considering any firm proposals for action, EEC officials would like to have a clearer idea of how far Britain's major non-EEC trading partners would be willing to take part in a broader international rescue operation. It is believed that U.K. authorities are planning to sound out officials in the U.S. and Japan, as well as West Germany, on this question through bilateral contacts in the near future.

It is generally acknowledged in Brussels that, of the Nine, Germany is the only country in a position to make a substantial contribution to aid the U.K. and Italy, but that for political *reasons it would be necessary* to dress up any assistance as an EEC operation and not a German one. In recent days, German officials have also made it *plain that they consider that any* measures to consolidate the sterling balances will have to involve the U.S. and Japan.

It is understood that the Commission next Wednesday, which will be presided over by Herr Wilhelm Haferkamp, the Commissioner responsible for economic and monetary affairs, will place Britain's and Italy's problems against the general background of increasing divergence between national economies of the Nine and its effects on Commuity co-operatio. Amog the questions which Herr Haferkamp is believed to be interested in exploring is to what extent a *sterling rescue operation might* be combined with longer-term plans, proposed by Mr. Willem Duisenberg, the Dutch Finance Minister, for limiting the fluctuation of EEC currencies within "target zones" and closer co-ordination of economic and monetary policies among the Nine.

Commission experts have been instructed to draw up working papers on these and other points over the next week, to be ready for the meeting of the 13 commissioners on Wednesday.

Though Commission officials deny that the decision to hold next Wednesday's meeting was triggered off by the most recent drop in the value of sterling, there is no doubt that developments on the foreign exchange markets will give the discussions added point.

Meanwhile, additional measures *by the European Community* and member governments to cut unemployment levels and encourage investment in the face of an uncertain world economic outlook were called for to-day by Mr. David Basnett, general secretary of the General and Municipal Workers' Union.

**Robin Reeves adds from Luxembourg:** The ritual battle over the size of the European Community's budget was joined here last night when European Parliament MP's voted to add 515m. units of account (£214m.) to the EEC's 1977 draft budget of 8,715m. units (£3,616m.), put forward by the Council of Ministers representing the member states. In the Parliament's view, a further 100m. units should be made available to the EEC Regional Development Fund, another 90m. units for food aid, 50m. as aid for cold storage (part of the hoped-for development of a common energy policy), and provision for EEC aid for disaster victims of 30m.

The biggest sum, however, is 200m. units (£82m.) to cover next year's annual EEC farm price review, which the Parliament feels the Council is being dishonest in leaving out. If the cash is not included in the 1977 budget, it will almost certainly have to be raised sometime next year by the device, which is politically embarrasing to the Brussels Commission, of a supplementary budget.

# Russia sells gold again

The Soviet Union recently started selling gold again after having delivered an estimated 120 tons in the first half of this *year and then abruptly* withdrawing from the market, John Wicks reports from Zurich. This was stated by the Swiss Bank Corporation at Otelfingen, near Zurich.

The Bank, itself a leading gold trader, believes there is a real possibility that "much larger" sales may be made by the Soviet Union, particularly in view of its high indebtedness towards the West. More Russian gold may have to be absorbed by the end of the year.

## Spain Lockheed link

A Spanish Air Force General and a Colonel suspended for alleged *implication in the Lockheed* payments scandal are shareholders in Avionica, a local firm representing Lockheed in Spain, Avionica said yesterday, Reuter reports from Madrid. The Air Ministry announced two days ago that General Luis Rey Rodriguez and Colonel Carlos Grandal Segade had been suspended because they had been linked to the Lockheed scandal.

## Fish cancer

A fish disease spreading along Finland's south coast is ruining between 10 and 25 per cent. of the country's seapike catches, according to Finnish fishermen, Reuter reports from Helsinki. A Finnish fishery research spokesman said that diseased cod were also being examined for possible spread of the disease, known as sarcomatosis, a form of cancer.

## Crosland visit

Mr. Anthony Crosland, the Foreign Secretary, is to pay an official visit to Yugoslavia from November 2 to 5, the Foreign Office announced yesterday, our foreign staff reports. *Hhis talks will cover a* wide range of international issues including East-West relations, next year's review of the Conference on Security and Co-operation in Europe and Yugoslavia's links with the EEC.

## French-Saudi talks

French Defence Minister Yvon Bourges leaves next Tuesday for Riyadh for talks with Saudi King Khalid and Defence leaders on speeding up a huge programme for building a French-aided arms industry in Egypt, Reuter reports from Paris. He also hopes to clinch new arms deals with Saudi Arabia.

## Swedish governor

THE THREE non-Socialist parties forming the new Swedish Government have agreed to nominate Mr. Nord-Lander, a lawyer by aged 67, a retired bank managing-director, as Governor of the Riksbank (central bank) in succession to Mr. Krister Wickman.

The Governor is appointed by the Riksbank Board of Trustees, and must himself be a trustee. They are politically appointed in ratio to the parties' Parliamentary strength, so that Mr. Nord-Lander's appointment can be considered a foregone conclusion.

The non-Socialist Government would have preferred to keep Mr. Wickman, a Social Democrat, a decision which would have been widely approved among Swedish bankers. Mr. Wickman, however, resigned when it became apparent that his own party would not renominate him to the Board of trustees, and Mr. Olof Palme, the Opposition leader, rejected Prime Minister Thorbjörn Fälldin's request for *a change in the rules to enable* the Government to appoint a non-trustee.

# Hillery likely next president

BY BRENDON KEENON

DUBLIN, Oct. 28.

EVEN AS a motion of no confidence in the Irish Government, arising out of the resignation of President O'Dalaigh was being debated in the Dail to-day, it became clear that the Fine Gael opposition party's candidate will be the Irish EEC Commissioner Dr. Patrick Hillery.

*Dr. Hillery's* term of office expires shortly, but there had been earlier reports that he was unwilling to run for the presidency. However, Fianna Fail back-benchers are now convinced that he will accept a draft, which is expected to come from a parliamentary party meeting on Tuesday.

It also looks as if the Government will not risk putting forward a candidate of its own, and so Dr. Hillery seems assured of an unopposed elevation. During to-day's no confidence debate, the Prime Minister, Mr. Liam Cosgrave indicated that the Minister for Defence, whose description of the President as "a thundering disgrace" sparked off the crisis, had offered to resign on two occasions.

Mr. Cosgrave, however, refused to accept the resignation offer. *"I asked him to apologise* to the President and said that I would mention his offer of resignation at the Government meeting." This disclosure will help to take the heat off the Minister, Mr. Donegan, but meant that Fianna Fail's wrath was directed at Mr. Cosgrave. *The end result seems to be that,* as well as the embarrassment of the affair, the Government will have swapped a lawyer president for a political, Fianna Fail, one.

There was also little cheer for the Government on the economic front, with talks with employers and unions appearing to be deadlocked. Ministers met farmers' representatives to-day to discuss possible ways of increasing the tax rates on farmers, to take account of their growing income from the EEC. Meanwhile, the first meeting between employers and unions on a national pay agreement *took place to-day.* Even if an agreement is reached, it is likely to be much more inflationary than the Government's objectives.

# Madrid police clash with striking transport workers

BY ROGER MATTHEWS

MADRID, Oct. 28.

RIOT POLICE and workers clashed violently in Madrid this *morning* as the city was disrupted by a strike of more than 5,000 bus drivers and conductors. At least 11 people were injured, two seriously, when police used rubber bullets and smoke bombs to break up a concentration of an estimated 750 drivers outside a municipal garage.

The authorities brought in drivers from the Government car pool in an effort to get one or two bus lines moving, and the Army is standing by to intervene if the strike continues. Private companies have also been contracted to offer a coach service in some areas.

The decision to strike was taken in the early hours after workers managed to assemble in a church. They are demanding substantial wage increases and the payment of overdue bonuses. Police this afternoon surrounded a church in a working-class suburb, where about 1,000 bus drivers had taken refuge, and have arrested at least two strike leaders.

# Iceland waits for EEC

BY JON H. MAGNUSSON

REYKJAVIK, Oct. 28.

THE ICELANDIC Government is willing to negotiate a reciprocal fishing agreement with the EEC, *if* and when the Community reaches a concerted agreement on a joint policy on a 200-mile fishing limit for the nine nations. *Icelandic Ministers* have been saying recently that the initial move must come from the Community in Brussels. A contact has already been made between the EEC Commission and the Government in Reykjavik, according to a Government official.

Iceland is also willing to talk to the British Government about *the long-distance British trawler* fleet off Iceland, if the EEC does not reach an agreement at The Hague meeting. But it will be difficult for Britain to obtain a separate agreement with Iceland after December 1.

It is known that the Government and the fishing industry would like to secure access to *the fishing banks in the North* Sea area, and inside the future 200-mile limits off Greenland. Even if the Danish Government claims that the 200-mile limit off Greenland is not a part of the EEC's 200 miles, fishing rights in this area must be taken into the picture if Iceland enters into talks with the Community. Prime Minister Mr. Geir Hall*grimsson urged the* Icelandic people in a policy speech to look at the long-term benefits from a possible reciprocal fishing agreement with the EEC. Recently, the Prime Minister has also been saying that Iceland must evaluate on a case-by-case basis the granting of fishing rights to other nations inside the 200-mile *limit, and such* rights would only be granted on a mutual basis.

The fisheries Minister, Mr. Matthias Bjarnason, has said, "The British fleet must stop fishing when the Oslo agreement terminates on December 1, unless a fishing agreement has been made with the EEC. "It is not our responsibilty to offer *such an agreement: the intiative* must and should come from the British and the EEC."

# Sharp rise in French prices

BY DAVID CURRY

PARIS, Oct. 28.

THE ANNOUNCEMENT of a 1.1 per cent. increase in prices in September—one of the biggest monthly rises this year—has emphasised the dangers of a renewed burst of inflation in France. The Finance Ministry has hastened to re-affirm its intention to apply firmly the price freeze which is part of the austerity programme announced on September 22.

Ironically, the Prime Minister, M. Raymond Barre and President Giscard d'Estaing were reluctant to accept a compulsory price freeze, preferring initially to call for voluntary restraint from industry. The effect of the freeze, inserted into the plans at the last minute, will not be felt fully until December, for which a 0.4 per cent. rise is forecast, after anticipated rises of 0.7 per cent. for both October and November.

September's increase brings the three-months rise to 2.8 per cent., and the Government is anxious lest these statistics, taken in conjunction with the Fr.3.3bn. trading deficit in September increase the pressure on the franc. The franc, however, remained untroubled by the news to-day.

# Gaullists blunt Dassault probe

BY DAVID CURRY

PARIS, Oct. 28.

GAULLIST MEMBERS of the French National Assembly have managed to blunt an investigation into the financial affairs of the Dassault aircraft concern by insisting that the inquiry should embrace the whole aerospace sector.

The Socialist Opposition, furious *at* being denied an inquiry specifically into the affairs of Dassault, which has been accused of extensive tax fraud, finally voted against the proposal which was made in the National Assembly's legal commission. The Communists abstained.

M. Marcel Dassault, the 84-year-old head of the aerospace group of companies, has been accused by his former chief accountant of personal and corporate tax fraud. Opposition MPs are claiming that the Government parties have broadened the scope of the investigation *in an attempt to throw mud* at the nationalised concern Aerospatiale—the builder of Concorde. M. Dassault himself is a Gaullist MP, though he is generally credited with playing a financial rather than political role in the party.

The inquiry as now constituted will be conducted by 15 MPs over four months, and the findings will be kept secret—unless the National Assembly as a whole decides otherwise.

The Socialists commented acidly to-day: "We fail to see how a commission with a mandate lasting only four months can conduct a serious investigation into such a wide area, labouring under the double constraint imposed by national defence and fiscal secrecy."

Meanwhile the idea of nationalisation of Dassault is gaining ground. The Defence Ministry has admitted that it has discussed the fate of Dassault with President Giscard d'Estaing. However, the Government has been careful to cast the talks in the light of a natural interest in the fate of a major defence contractor, whose head is well beyond the age of normal retirement, rather than in the mould *of a punitive nationalisation* such as that demanded by the Socialists and Communists.



THE VATICAN AND EASTERN EUROPE

# Political concession, pastoral gain

BY DOMINICK J. COYLE IN ROME

WHEN POPE PAUL last month surveyed the state of the Roman Catholic Church in the world on his 79th birthday, Vatican sources made it known publicly that he was saddened by a num*ber of events in western coun*tries—most notably, perhaps, the threatened schism being promoted by the traditionalist French bishop Marcel Lefebvre—but encouraged greatly by the "advances" which the Church was making in eastern Europe. It is obviously difficult to quantify these advances, but Vatican diplomacy is hard at work to ensure that it continues.

This diplomacy took concrete form with yesterday's news that the Vatican had agreed to the establishment of a separate Episcopal Conference for East Germany, thus extending some recognition to the German Democratic Republic, despite opposition to the move from the Catholic hierarchy in West Germany. The Vatican was careful with its timing. While news of its decision was signalled to the Church authorities in East Germany on September 25, it was kept secret until after the West German federal elections earlier this month. The Catholic Church's official recognition of the existence of two German states might well have become an electoral issue which could only have helped the Christian Democrats.

But East Germany is not the only Soviet bloc country in which the Church is moving. The Polish Cardinal Wyszynski is in Rome for talks with the Pope and officials of the Vatican Secretariat of State at a time when, it is understood, negotiations are under way for a new Concordat with Poland. Meanwhile, Archbishop Luigi Poggi, one of the Vatican's senior diplomats, left earlier this month for Bucharest in a preliminary move to improve relations with the Romanian Government.

These increasing contacts between the Holy See and a number of Eastern countries have their critics within the Church. In terms of Vatican diplomacy, the contacts represent a major departure from the tough anti-Communist stand of Pope Pius XII. But between Pius and Paul there was what many (but by no manner of *means all) Vatican hands refer* to as "Good Pope John," whose expressed mission was "to throw open the windows of the Church and let in some light." His legacy remains, even if it is being eroded gradually by the more conservative elements now in virtual control of the Vatican hierarchy.

The conservatives insist that they are not opposed to change. But to them it must be measured change and, in so far as it touches on states in Eastern Europe, it must be change which brings with it a decided *quid pro quo.* Put crudely, the Vatican appears willing to make "political concessions" of the sort represented by the Church's effective recognition of East Germany, but it wants in exchange greater freedom for Catholics in the countries concerned. This is the sort of diplomacy at which the Vatican generally excels, even if it is often difficult to evaluate the results, since the detailed agreements involved are seldom published.

It is interesting to note that there is not to be an East German Episcopal Conference as such by name, but rather a Berlin Bishops' Conference, and a formal Vatican statement emphasised that the existence of two parallel conferences did not interfere with questions not yet resolved between the two German states. It went on to express the hope that a "peaceful and satisfactory" solution to the German question could be resolved, in conformity with the provisions of the Helsinki conference

The Vatican participated directly in the Helsinki discussions, although it is probably not generally known that it was the USSR which requested that the Holy See be represented. But for the moment anyway, this has not led to improved relations between Moscow and the Vatican, although the Pope does see the Soviet Foreign Minister, Mr. Andrei Gromyko, when he visits Rome. On these occasions, the Pope repeats his concern about *the treatment of religion in the* USSR. In particular, the Vatican is most anxious to get access to the Byzantine rite Catholic minority in the Soviet Union.

However, now the German package is out of the way, Vatican diplomacy is likely to concentrate on Poland and Romania, especially the former. *Cardinal Wyszynski, having* reached the age of 75, has submitted his letter of resignation to the Pope, in conformity with new regulations, but its acceptance now would be interpreted widely in Vatican circles as an indication that the Polish prelate was at serious loggerheads with the Secretariat of State over the nature of any new Concordat with Poland.

The Vatican's advance diplomatic guard has already been to Warsaw, starting with the visit of February, 1974, by its top east European specialist, Archbishop Casaroli, and followed one year later by Archbishop Poggi, who delivered to Mr. Stefan Olszowski, the Foreign Minister, a letter from the Vatican Secretary of State. This named Poggi as head of the Holy See's delegation charged with permanent working contacts with the Polish Government. But Cardinal Wyszynski may be in less of a mood to compromise with Warsaw than would the Vatican.

*The Cardinal* has made his position clear in numerous public sermons throughout Poland, including one delivered on Gniezno Cathedral at the time Archbishop Poggi was visiting Wawsaw. He wanted Christ to have his place within the Polish nation, the Church to have at least a public/legal character, its mission and its vocation to be recognised, and that it be free peacefully to evangelise the nation. Later, he was to refer to the Polish Government's insistence on the separation of church and state, but added: "*If* the state were coherent in the matter of separation from the church, it would not interest itself in what the church teaches, says or does. We know by exper*ience that the state* takes a deep interest in all this."

Some Vatican diplomats believe that Wyszynski is adopting a Mindszenty-type resistance to change, that he fails to recognise that the Vatican needs continually to make political compromises in order to win pastoral concessions, so that Catholic roots *may remain in* Communist countries in the hope that ultimately regimes there may change. But Wyszynski is not without some telling arguments. The Polish church under his leadership seems to be making considerable headway, especially in producing new vocations to the priesthood at a time when numbers are failing in most Western countries. The number of seminarians in Poland last year is put unofficially at 4,400. In that same year, there were more than 600 ordinations to the priesthood, compared with 480 Polish ordinations in 1971. The church in Poland has managed better than in other east European countries to resist pressure from Governments regarding the choice of bishops. It is now fairly common in eastern Europe for the Vatican to insist on its own choice for one of two dioceses, and then allow the Governments concerned to select the remainder from a short-list prepared in Rome.

The Cardinal would no doubt agree that the Catholic Church is doing well in Poland and, therefore, that any concessions of a political nature should be limited. He is clearly in a much stronger position than the church, say, in Romania, but the Vatican's up-to-date assessment *of Poland must* await the latest report from Archbishop Poggi.

THE FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscriptions $167.00 (air freight) $344.00 (air mail) per annum. Second class postage paid at New York, N.Y.

# Democrats fear the final poll push by Republicans

BY DAVID BELL

WASHINGTON, Oct. 28.

Presidential Election

ITH MR. Jimmy Carter's lead the polls now very much less ipressive than it was even a onth ago, a number of leading emocrats are making little cret of their wish that the elec- n was already over.

So close has the race now be- me, particularly in the 10 large tes that hold the key to vic- y, that neither candidate has iable indication on which is ng better in the campaign's icial closing stages. Mr. Car- has been drawing large and husiastic crowds, but so has President, and Democrats r that the Republicans' last- ch media blitz, and his newly ective campaign style, may t be able to snatch him a nar- victory.

n the past week the polls e been seesawing wildly. In cago, for instance, a week Mr. Carter had a 10-point d in the Chicago Sun Times l. To-day that lead has parently shrunk to 1 per cent. Michigan, where Mr. Ford reportedly comfortably ad in his home state last ek, the race is now "too close call." In Pennsylvania, rival ls are contradicting each other about who is in the lead and in California no one appears to have any real idea who is ahead.

On the other hand the Demo- crats can take some comfort from the very latest crop of local polls which appear to show tha. at last, the traditional Democratic coali- tion is showing some enthusiasm for Mr. Carter and falling into place behind him. His strong base in the South also appears to be holding, despite some signifia- cant erosion in the past month.

As far as California is con- cerned, Mr. Ford will not have been helped by Mr. Ronald Reagan's curt refusal to cam- paign for him in the past few days. Without Mr. Reagan's full- hearted support, Mr. Ford may not win some of the very con- servative Republicans in the State, and their absence could be critical.

In any event, as both Mr. George Gallup and Mr. Louis Harris, the two leading pollsters, said yesterday, much now depends on turnout, and it is impossible to be sure how much apathy there still is across the country. Both men said that turnout as low as seems probable could be a severe blow for Mr. Carter.

In Pittsburgh to-day Mr. Car- ter pledged that a tax cut would be "almost inevitable" in the next four years if he is elected President. This was a clear attempt to cut some of the ground from under Mr. Ford, who for some days now has been promising a cut in taxes on "middle Americans" at almost every campaign stop. Mr. Carter is still suffering from the after- effects of the very imprecise comments he made about tax re- form in an interview last month.

Meanwhile President Ford was in Ohio, still contrasting his record with that of former Presi- dent Nixon in a last-minute attempt to distance himself as far as possible from the legacy of Watergate which Republican polls show is still very much an issue in the minds of the elec- torate.

This deliberate mention of Mr. Nixon could backfire if it serves to remind wavering voters of the role that Mr. Ford played in his pardon, but it is part of Mr. Ford's larger attempt to con- vince wavering voters that Mr. Carter's character ought to be the major issue, and that it is Mr. Ford, and not Mr. Carter, who can be "trusted."

The Republicans are still hop- ing that Mr. Carter's personality and the lingering suspicion of him that is still prevalent among many voters will finally tip the election in Mr. Ford's direction. The polls continue to show that the doubts about Mr. Carter are most persistent among just these groups who usually vote in the greatest numbers. It is to these groups that the Ford effort has all along been directed, and it may be working. Certainly it has the Democrats very worried.

# McCarthy off NY ballot

BY OUR OWN CORRESPONDENT

WASHINGTON, Oct. 28.

R. EUGENE McCarthy is w off the presidential ballot the state of New York, ving been restored to it only sterday.

The state supreme court erruled the verdict of the ate appellate court and cided that there were irregu- rities in the nominating itions lodged by Mr. Carthy in support of his dependent candidacy.

Mr. McCarthy, the anti-war mocratic candidate of 1968 o could draw support away om Mr. Jimmy Carter in rtain big states, will prob- ly appeal against the state art's ruling in the federal urt. However, a serious oblem now exists, only five days before the election, as to whether all the ballot papers and voting machines could be altered in time and be ready for Tuesday's voting.

There is now doubt that Mr. McCarthy's absence would re- move a nagging worry to Mr. Carter in New York. The latest Daily News straw poll, out this morning, gives Mr. Carter a six point lead over the Presi- dent with Mr. McCarthy netting two percentage points. But this lead is down from the nine points of the first News straw poll last week-end and the elimination of Mr. McCarthy (whose support would otherwise go, if it goes at all) by a ration of two to one to Mr. Carter would pro- vide a certain cushion.

# Allegations proved that South Korea corrupted U.S. politicians

BY JUREK MARTIN

WASHINGTON, Oct. 28.

RE are signs that the alleged lesale corruption of American icians by South Korean ts in Washington, working at apparent direction of Presi- Park Chung Hee, may turn to be the next big scandal inflict itself on the United es. President Park has ied involvement but this is deterrring the Federal stigation.

e New York Times to-day ribed the current investiga- into the matter as "sweep- and suggested that as many 0 Congressmen may have ved money from South an sources.

far four Democrats and one ublican have been identified ving accepted cash from the said to be the principal h Korean agent, a Washing- based businessman called Tong Sun (known here as sun Park). Mr. Park, it has pired, has somewhat eriously left the U.S.

Park has extensive con- in Washington political s, as have other members e South Korean community He owns the land and ings that house a fashion- supper club here which ides free memberships to President, Vice President, net members and judges of upreme Court. He has, for ple, entertained President on a number of occasions was in fact the subject of an nal White House investiga- last year when it was dis- d that Mrs. Betty Ford's er social secretary had ted two free trips to Seoul. evidence of improper be- ur was, however, un- ed.

Park is also believed to be closely connected with Suzy Park Thomson, a well known Washington socialite of South Korean extraction, who has served as an aide to the outgoing Speaker of the House, Mr. Carl Albert. Miss Thomson, it has been reported, testified before a grand jury recently having re- ceived immunity from prosecu- tion.

The Federal probe has also included an attempt by the Justice Department to subpoena the banking records of South Koreans living here. Although such records were thought to be protected by diplomatic immunity, the Department believed that a recent Supreme Court ruling that such records belonged to the banks which held them rather than the customers provided an opening.

In the event the Washington Post disclosed to-day that the subpoenas had been dropped after the South Korean Embassy had agreed to make the records available on a voluntary basis.

In another aspect of the scan- dal, Senator William Proximire, the Wisconsin Democrat, released details of two U.S. army investi- gations which concluded that the South Korean Government had connived at the practise of collu- sive bidding by South Korean contractors servicing American military installations in the South East Asian country. The reports said that this was costing the American Government $20m. a year more than it needed to pay.

The New York Times has been provided with additional docu- ments which suggest that collu- sive bidding is a euphemism for major bribery, rigged bidding, intimidation and actual physical assaults.

It seems unlikely that the investigations will come to the point that formal charges are brought before next Tuesday's election, which clearly might have embarrassed a number of politicians currently running for re-election

However, real problems could loom after the elections that extend beyond the domestic poli- tical context. Mr. Jimmy Carter, for example, has been maintain- ing that he would reduce Ameri- can troop strength in South Korea while President Ford has been countering with the charge that such action would materially weaken the defences of the Asian region.

If Mr. Carter wins, he may feel inclined to press his point with a vengeance, though the possible implication of a good number of Congressmen in the affair could complicate matters. By the same token, Mr. Ford may find it harder to justify current American military presence in South Korea if there is public revulsion to whatever charges emerge. Should it transpire that South Korean corruption had ex- tended to the executive as well as to the legislature, then the cat's cradle would be infinitely more difficult to disentangle.

But, perhaps significantly, he did confirm yesterday that he had ordered an inquiry into the activities in the U.S. of Sayak, the Iranian secret service, follow- ing remarks by the Shah of Iran in an American week-end TV programme that Sayak was keep- ing an eye on Iranian students in the U.S. If the State Department is ready to look at Sayak, then logically it could hardly turn a blind eye to the Korean CIA, said to be an integral part of the alleged corruption here.

# J.S. to increase air power in Europe

DAVID BELL

WASHINGTON, Oct. 28.

AMERICAN decision to in- e U.S. aircraft strength in Britain and Germany, which announced last night, is in- d to be a direct counter to the Pentagon sees as grow- Soviet strength in Europe represents the first signifi- addition to United States ower in the area for nine

ording to Pentagon analysts, this will still leave the combined Nato forces with roughly half the 5,000 aircraft which the United States esti- mates are at the disposal of Warsaw Pact countries. A spokesman emphasised that the decision to deploy the new weapons has nothing to do with the current Presidential election and has been under considera- tion for some months.

Both President Ford and Mr. Jimmy Carter, his Democratic opponent, appear to be agreed on the need for a firm reaction to what both Democrats and Republicans see as a clear in- crease in Soviet strength in Europe in the past few years. A Carter administration could be expected to watch Warsaw Pact force levels extremely closely.

# uatemala aids elize talks

ATEMALA CITY, Oct. 28.

CIALS from the British y of Belize and from emala, which claims the tory, to-day wound up their ever bilateral meeting.

e Foreign Ministry said the -day meeting, held privately e northern Honduran City n Pedro Sula, covered eco- c questions but no details given.

itain, Guatemala and Belize been holding tripartite at official and ministerial this year in an effort to e the problem. Belize has internal self-government 1964,

er

# Argentina strikers warned

BY ROBERT LINDLEY

BUENOS AIRES, Oct. 28.

FACED BY a spreading strike of light and power workers in greater Buenos Aires, the Govern- ment has threatened to mobilise all members of the union and to send troops to guard power installations.

Moreover, the regime says that any "activist, instigator, sabo- teur or intimidator" will be arrested. For the second day running now, Italo—one of the two power companies which supply greater Buenos Aires with electricity—is operating with a work force of only about 20 per cent. of normal, and some of the western neighbourhoods of the city are practically blacked out.

The other power company, Segba yesterday was producing only 927 megawatts of its total of 2,320-megawatt installed capacity.

● Ten bullet-ridden bodies were found this morning in a wood near La Plata 35 miles east of Buenes Aires.

The bodies have not yet been identified, but it is believed that they were murdered in reprisal for the killing last night of two policemen guarding the house of the rector of La Plata Univer- sity. The policemen were gunned down by terrorists as they drove by in a pick-up truck.

# Ford call to stem nuclear spread

IN A POWERFUL endorse- ment of nuclear power, Presi- dent Ford to-day announced that he was calling upon the world's nations to join in a co-operative effort to prevent nuclear proliferation and ex- pand the benefits of peaceful uses of nuclear energy.

Arriving here during his election campaign, he said that he would be issuing a compre- hensive statement later in the day calling for actions designed to:

Strengthen the commit- ments of all nations to the goal of non-proliferation of nuclear weapons;

Change and strengthen U.S. domestic nuclear policies and industrial programmes to sup- port the goals of non-prolifera- tion;

Establish a stronger founda- tion for expanded use of nuclear energy at home and abroad.

The President also said he wanted to press ahead with construction of a new $4.4bn. uranium enrichment plant to be built at Portsmouth, Ohio.

He said that construction of the plant would assist in pro- viding enriched fuel for nuclear powered plants in the United States and around the world.

The President's announce- ment has been expected for several weeks. Following India's explosion of an atomic device in mid-1974, the U.S. has been conferring with six other nuclear exporting nations —including the U.K.—who supply nuclear equipment and materials to most of the rest of the world, to find a way to slow the spread of technologies which could be used to pro- duce nuclear weapons.

The question of nuclear pro- liferation has been a minor issue in the Presidential elec- tion campaign, although the use of nuclear energy and safeguards has been a major concern in certain States, such as California,

Reuter

# $960m. IMF credit for Mexico halts peso slide

BY ALAN RIDING

MEXICO CITY, Oct. 28

THE MEXICAN peso rallied slightly against the dollar to-day after the International Monetary Fund approved a Mexican request for new credit facilities totalling more than $960m. This drawing should help bolster the country's reserves that in recent weeks have suffered anew from mounting speculation against the peso. This morning, the Bank of Mexico set to-day's exchange rate at 26.05 pesos for selling dollars and 25.79 pesos for buying dollars, a 1.7 per cent. improve- ment on yesterday's rate but still over 50 per cent. below the rate prevailing on August 31.

There is also no evidence that yesterday's sharp downward float of the peso has succeeded in restoring confidence here. According to banking sources, sales of dollars rose by about 30 per cent. yesterday compared with Tuesday.

With just one month left before President Luis Echeverria leaves office, the generalised mood of political uncertainty has also affected the economy, with the private sector now worried that the new devaluation will bring further wage increases and push the country further into an inflationary spiral.

Following the first devaluation last month, the Government "recommended" a 23 per cent. across-the-board wage increase and approved price rises of between 10 and 20 per cent. Even before yesterday's new peso collapse, however, inflation this year was expected to exceed 35 per cent.

Business and labour groups to- day called for a wage and price freeze respectively, but the gov- ernment lacks the mechanism to apply such a blanket decree and, in practice, Senor Echeverria is probably unwilling to further damage his prestige by holding down wages.

Fearing a confrontation with Senor Echeverria, President- elect Jose Lopez Portillo has said and done nothing to help restore confidence before he assumes office on December 1.

For the moment, though, foreign bankers seem willing to continue funding Mexico's short- term as well as long-term credit needs. With the country's foreign debt now exceeding $23bn., a further $800m. Euro- dollar loan is being organised in London and should be signed before the end of November.

The IMF, which had previously agreed informally to make avail- able $1.2bn. in credit, met yester- day to approve the latest peso devaluation and grant Mexico complementary financing facili- ties worth $185m. in special draw- ing rights, $134.125m. worth of regular credit facilities in SDRs and $518m. worth of SDRs in extended fund facilities.

# Prime rate cut may start move to lower charges

BY STEWART FLEMING

NEW YORK, Oct. 28.

CONTINENTAL ILLINOIS, the eighth largest U.S. commercial bank has set in motions what would be a move to lower bank interest charges by this morning cutting its prime rate from 6¾ per cent. to 6½ per cent.

The bank, which does not have a formula for prime rate deci- sions such as Citibank, has not in the past year been a leader of prime rate movements.

Some New York bankers were this morning uncertain as to the impact on banks generally of the move, with one bank economist saying that it may have a 50/50 chance of being followed by the other big money centre banks.

The last cut in prime rates was set in train by Morgan Guaranty Trust on September 20, when it fell from 7 per cent. to 6¾ per cent. Even that move took two weeks to spread across the bank- ing industry, with Continental Illinois one of the first to follow.

Since then, money market in- terest rates have fallen further, on average around ½ of a per- centage point, and there have been clear indications that the Federal Reserve has eased monetary policy by lowering its Fed funds target interest rate from 5¼ per cent. to 5 per cent., and there has been speculation (so far unconfirmed by clear Fed action) that it might ease further.

It is felt that in addition to the sluggish growth in money supply the Fed may be influenced by the worrying "pause" in the growth of the U.S. economy in recent months.

Some money market analysts have suggested that banks may be inclined to ease prime rates a little in the hope of stimulat- ing loan demand, although such a move would not come until there are good indications of suc- cess in adopting such a policy. There have been in recent weeks some modest signs of loan demand hardening.

As money market rates have eased the commercial banks have come under pressure to pass on lower interest costs to their customers and there have been widespread reports of banks reducing costs to their customers by lowering the compensating balance requirements—the agree- ments which require a customer to keep some of its loans on deposit with the bank.

The pressure on the banks to make these adjustments in part reflects the historically high margins now existing between the cost of money to the banks and their lending charges— margins which have been influenced by the banks' need to maintain their profits after the heavy loan losses of the past 18 months.

# U.S. trade deficit swells

BY DAVID BELL

WASHINGTON, Oct. 28.

THE UNITED STATES trade deficit last month was the second highest in more than two years the Commerce Department reported to-day, blaming increased imports of iron and steel cars and rubber, which more than offset a slight fall in oil imports.

The Department said that the nation's deficit was $778.9m. less than the $827.1m. reported in August but still higher than for any other month since August, 1974. September was the third consecutive month in which the U.S. has registered a large deficit and total imports last month — at $10.6bn. — were the second highest figure ever recorded. Total exports for the month were $9.8bn.

So far this year the U.S. has had only one trade surplus, and that was caused by a temporary decline in oil imports, but this is not causing very much alarm within the Administration. Economists stressed again to-day that the size of the deficit is only one more reflection of the fact that the U.S. economy has recovered faster and sooner than other economies and they confidently expect the deficit to fall as other economies improve.

However, the continuing im- provement in the world food supply situation at the moment suggests that the level of U.S. food exports — which in the past few years have contributed very significantly to the overall U.S. export totals — is going to be down in the next year at least. Last month the U.S. also imported unusually large amounts of sugar (imports rose by $99m.), while iron and steel imports also jumped some $56m. and imports of foreign cars were up $34.1m.

## OVERSEAS NEWS

# Israel warns on guerilla bases

BY L. DANIEL JERUSALEM, Oct. 28.

ISRAEL WILL not permit a return to the status quo ante in southern Lebanon, in which Palestinian guerillas were free to set up bases near the Israeli border, official circles here warned this morning. They pointed out that this had been stressed in the past by Foreign Minister Yigal Allon and, more recently, by Defence Minister Shimon Peres yesterday. Its repetition to-day is significant in the light of reports that Palestinian guerillas are making their way from other parts of Lebanon to the South, which they can do only with the assistance or permission of the Syrian forces.

Such assistance or permission may be the price which Egypt, which has lately appeared as the protector of the Palestine Liberation Organisation, demanded from Syria as part of the rapprochement between the two countries, which well-informed sources here believe preceded the Riyadh and Cairo conferences on the Lebanon. They consider the conference could never have taken place if some measure of understanding had not been reached beforehand between Presidents Sadat and Assad.

This apparent re-forging of the Cairo-Damascus axis, which may eventually extend southwards to Amman, has given rise to serious misgivings in Jerusalem, though official circles are as yet unwilling to voice conclusions either regarding the overall situation in the Lebanon or the appointment of General Abdul Gamassy as the joint Egyptian-Syrian Chief of Staff. In fact there are currently two views in Jerusalem: one regards with serious concern the statements made at the Cairo summit conference, including statements by leaders of countries hitherto considered "moderate." These pronouncements, they point out, indicated that the sharp divergences of opinion between Syria and Egypt are being patched up under the banner of the joint enmity towards Israel.

Supporters of the second school of thought here query whether these statements go beyond demagogy and efforts by one or the other country to appear as the leader of a united Arab world bent ultimately on war against Israel. This school also holds that the events in the Lebanon so far—despite the presence of Libyan, Iraqi and PLO forces in the south—indicate clearly the likely trend of events in the Lebanon. They also point out that the resolutions at the Riyadh conference have not yet been implemented, indicating under-the-surface divisions within the Arab camp. Not only have no major contingents of the proposed inter-Arab peace-keeping force arrived in the Lebanon as yet but there are also no signs so far of Syrian forces withdrawing from any of their positions.

But whatever interpretation is put on the confusing events of the past few days, Israel's attitude towards what is happening in Southern Lebanon and the possible emergence of a united Arab command, was summed up this morning by an official who said: "Israel will not pay the price for inter-Arab unity by permitting the quiet, which has characterised the borders, to be shattered once more by guerilla action."

# Schaufele to attend Rhodesia conference

By David Bell

WASHINGTON, Oct. 27.

DR. HENRY KISSINGER, who is still anxious to keep the Rhodesian talks from becoming in any way an election issue, disclosed last night that he will send Mr. William Schaufele, Assistant Secretary for African Affairs, to Geneva but not until after next Tuesday's election.

Speaking at Hartford, Connecticut, Dr. Kissinger reiterated that he would go to Geneva himself "if the Geneva negotiation was to stalemate," but he stood by an earlier statement that it would be "highly inappropriate" for him to go at the moment. The United States, he added, "will do what we are asked by the parties."

At present, the U.S. is represented in Geneva by Mr. Frank Wisner, the head of the State Department's Southern Africa section, and the decision to send Mr. Schaufele is clearly intended to be a sign that the United States is prepared to get more closely involved in the negotiations as they continue.

The Secretary of State has good reasons, however, for wanting to keep the talks out of the full glare of the election. If President Ford wins, the American attitude to the talks will presumably be unchanged, but if he loses, the State Department will have very quickly to adjust to whatever different ideas the Democrats may have.

Mr. Jimmy Carter's foreign policy transition team, which has itself beej keping well out of the limelight, contains a number of African experts who have been following progress in Geneva closely. They are less optimistic in private than Dr. Kissinger has been in public about the eventual success of the talks, although it seems certain that they will want them to continue and will wish them well.

If Mr. Carter does win the election tihs will inevitably cast some doubt at the Geneva talks about U.S. attitudes at least for a few weeks, and it can be expected that the outgoing and the incoming Administrations would work hard to minimise this problem if the Democrats do indeed win.

# Australia hints uranium enrichment progress made

BY DAVID FISHLOCK, SCIENCE EDITOR

A HIGH-PRIORITY research effort on the enrichment of uranium has brought Australia to the point where it is technically feasible to design a major pilot plant based on the gas centrifuge process, according to the annual report of the Australian Atomic Energy Commission.

In its first official confirmation that Australia is working on enrichment technology — an essential step in the refining of uranium into nuclear fuel for most types of reactor—the report discluses that it is now the largest single development programme by the commission.

It sees a big pilot plant using several thousand centrifuges as an essential step in the construction of a commercial plant based on Australian technology to meet the potential marget for enriched uranium in the mid-1980s.

Its economic analyses suggest, it says, that centrifuge enrichment in the 1980s will achieve an attractive rate of investment return on investment compared with the established gas diffusion process—and compared with other sectors of industry generally.

The commission is also working on the laser process for enrichment. During the past two years it has demonstrated enrichment experimentally, using a pulsed carbon dioxide laser.

According to the report, its scientists see considerable advantages over the other reported laser enrichment processes, since they are using a readily available type of laser, simple equipment and a low operating temperature, below 200 degrees C.

Professor D. W. George, chairman of the commission, interviewed recently by the Financial Times, said that the centrifuge project engaged about 170 of his 1,300 staff.

One of the two main objectives of the programme was to provide a technical basis for the option to construct and operate a commercial plant if Australia could not license overseas enrichment technology, or if terms were unacceptable. The other objective was to enable Australia to assess any proposals for licensing overseas technology.

The commission has concentrated on a single design of gas centrifuge for the past 10 years, but has apparently explored a range of materials for the key component — the rotor — including aluminium alloys, titanium allow, high-strength steel and carbon fibre reinforced resins.

Australia has increased its estimate of reasonable assured uranium resources by nearly one-fifth since the commission's last report, to a total of 227,000 tonnes of uranium. The addition is due largely to a substantial increase in the reserves of the Jabiluka 2 deposit in Northern Territory.

But exploration for uranium declined during the past year, in contrast to the increase in most other uranium producing countries.

# Egypt holds assembly elections

By Michael Tingay

CAIRO, Oct. 28.

EGYPTIANS went to the polls to-day to elect 346 members to the people's assembly from 173 constituencies. There was no election in two constituencies, in Sinai and one in Upper Egypt where one candidate died.

Voting in what had the appearance of being a free election was thin in Cairo early in the day though the compulsory turn-out never functions fully in the big cities, Cairo and Alexandria, because voters are confident that the £E1 fine for not voting will not be imposed.

More than 1,500 candidates, half from the three newly established political organisations of the Centre, Left and Right and more than 700 independents are standing. Important will be the collective showing of the right, left and independents who between them will represent the parliamentary opposition.

Strangely there have been no complaints about the effective disenfranchisement of more than 300,000 people in the armed forces out of a total electorate of between 9 and 10m.

Members of the police and judiciary had never voted but following the court martial earlier this year of two soldiers who enrolled in one of the political organisations, voting by members of the armed forces was made "voluntary," effectively disenfranchising them. Egyptian women, who got the vote in 1956, have always voted on a voluntary basis.

# Palestinians pull out of battlefronts in Lebanon

SIDON, Oct. 28.

PALESTINIAN COMMANDOS were withdrawing from Lebanon's mountain battlefronts to-day.

The troop movements, down to southern areas above Lebanon's border with Israel, indicated a further easing of tension between Syria and the Commandos.

Truckloads of commando troops passed at dawn through this port city, 25 miles south of Beirut.

They came from the mountain areas behind Sidon where the Palestinians were fighting bitter battles with the Syrian army just two weeks ago.

Withdrawal of Palestinian forces from the mountain passes to refugee camps and the southern border region is one clause in the Arab-backed peace plan which has virtually stopped the war in most of Lebanon.

Co-operation between the Syrians and the Palestinians began in the past few days for the first time in nine months. The Syrians have reopened the "Arafat trail" in eastern Lebanon, allowing the Palestinians to reinforce isolated bases in the area the Israelis call "Fatahland."

Travellers from the south reported to-day the commando reinforcements were heading mainly for Bint Jbail, a town two miles north of the Israeli frontier.

Bint Jbail is almost the only Left-held gap in a cordon of territory along the border controlled by Lebanese Right-wingers, who are now strengthened by arms and equipment from Israel.

The Arab-backed ceasefire went into its second week to-day, still generally holding in most of Lebanon. But radio stations on both sides reported that sporadic shelling and shooting in Beirut and its suburbs increased last night.

Reuter

Ihsan Hijazi writes from Beirut: President Elias Sarkis, being in personal control of the arab peacekeeping force, to-day began contacts here for the implementation of resolutions by the Arab summit conference in Cairo on Lebanon.

His immediate concern is the consolidation of the ceasefire and execution of a time-table for withdrawal of combatants from various Lebanese districts.

Both the ceasefire and the timetable were first decided at the summit meeting in the Saudi capital, Riyadh, and then endorsed by the enlarged Cairo conference.

Implementation of the timetable for withdrawals is already overdue. Gunmen should have pulled out of their positions in the Lebanese mountains, the Beirut area and the road from here to the south five days to a week from date of the truce. Mr. Sarkis was reported to have rejected a Palestinian argument that total withdrawal should await the arrival here of the Arab peacekeeping force.

Informed sources said that efforts to-day concentrated on ensuring the reopening of the whole stretch of the Beirut-Damascus highway. Mr. Sarkis was reported to have proposed the stationing of Arab forces already here on the section of the highway stretching from a roundabout at the lower end of the Beirut airport road to Baabda, the Christian village where the President has his residence and offices. Syrian forces then will descend from their present positions in Bhamdoun located up the highway and link up with the other Arab forces at Baabda.

Syrian Information Minister Ahmed Iskandar declared yesterday that Syrian troops here will form what he called the "backbone" of the Arab peacekeeping force. He said Syria will be ready to provide more troops if President Sarkis should need them.

Under the Arab summit resolutions, the Arab forces are under the direct and personal orders of Mr. Sarkis.

The Palestinian military commander, Col. Saad Sayel, was quoted in the Press here to-day as saying that two thirds of Palestinian forces in the Lebanese mountains have now been transferred to southern Lebanon.

**United Nations observers have withdrawn from an outpost on Lebanon's border with Israel, according to Beirut Press reports, says Reuter. The independent daily Al-Anwar said that the UN observers had left their observation post near Yaroun, South of Bint Jbail and returned to their local headquarters at the sea coast town of Naqoura.**

# SA opponent of apartheid goes to jail

By Graham Hatton

ONE OF THE MOST outspoken white critics of the South African regime, Dr. Beyers Naude, head of the Christian Institute, to-day went to jail after refusing to pay a R50 (£35) fine for refusing to give evidence to the Schlesbusch Commission, set up to investigate various anti-apartheid bodies.

Dr. Naude's appeal against his sentence was rejected by the Supreme Court in Pretoria earlier this month.

The former minister of the Dutch Reformed Church said today: "This is the only way to express my protest on principle. On the other hand I do not want to create the impression of disobeying an order of the court and, therefore, submit myself to the sentence."

His objections, he said, were the secretive nature of the commission proceedings, and that the commission was comprised of Parliamentarians who had already made known their critical attitude towards the Christian Institute.

UPI adds: Black students to-day called on residents of the African township of Soweto to start a five-day general strike next week, and to boycott Christmas celebrations in mourning for the 382 persons killed in anti-Government riots.

# Government receives favourable answer from Ranger inquiry

BY JAMES FORTH SYDNEY, Oct. 28.

THE AUSTRALIAN Government has been given the answer it wanted to hear from the Ranger inquiry on uranium. Long before it gained office last December the Liberal National Country Party coalition made it clear that it wanted to see Australia's large reserves of uranium exploited. In its latter stages the previous Labour Government also favoured development but was hamstrung by a strong element within the party opposed to mining of uranium. This opposition is reflected within the trade union movement. In fact the country's only producing uranium mine, at Mary Kathleen in Queensland, cannot send its product overseas at present because of union action.

Labour's answer was to set up the Ranger inquiry and hope that it would clear the way. When the LNCP ousted Labour the new Prime Minister, Mr. Malcolm Fraser, bowed to political pressure and guaranteed that no decision would be taken until the report had been released.

The environmental lobby mounted a strong case during the course of the inquiry, so effectively that last week-end there were confident Press reports that the inquiry would recommend a ban on uranium mining, and executives of potential uranium producers privately conceded they were very worried.

The report however rejected the case put forward by the environmentalists; it found that the hazards of mining and milling uranium did not justify a decision against its exploitation.

This takes considerable pressure off the Government since while it is not bound to accept any advice or recommendations of the inquiry it would obviously have faced a formidable political hurdle in deciding to develop deposits in the face of a recommendation to ban uranium mining.

An immediate green light from the Government for Australian uranium companies is unlikely. The Ranger Report recommended that no decision be taken on mining uranium deposits in the Northern Territory (where the bulk of Australia's reserves are located) until a second report is released, which will deal with the specific environmental and social implications. There are a number of ancillary factors connected with development in the territory. Some of the uranium lies within a proposed national park and some underground considered sacred by aborigines.

The Government presumably could give approval for immediate development of a large deposit at Yeelirrie in Western Australia, discovered by Australia's major nickel miner Western Mining Corporation. The Report made no reference to holding back on deposits outside the Northern Territory. But any decision ahead of the second report would probably be regarded as breaking the spirit of the Ranger recommendation. In any case the additional report is expected by the end of the year.

Importantly for the Government the report's conclusions should refuse any concerted attack from the Labour opposition. The inquiry was after all instituted by a Labour Government. The opposition leader, Mr. Gough Whitlam, at stis stage refused to comment on the report although he indicated that the chairman, Mr. Justice Fox, had done a very thorough job. The Prime Minister, Mr. Malcolm Fraser, also declined to comment but the Federal Minister for Environment, Mr. Newman, described it as "good" and noted that the report did not recommend banning uranium development.

Assuming the Government does give permission for uranium mining and export within the next few months the position is still clouded. The report comes out in favour of development of uranium mines in sequence rather than a pro rata development. Sequential development would mean some deposits would be mined ahead of others. If the market fails to live up to expectations it is possible such an approach would mean some deposits would never be developed.

The Government is known to favour the sequential approach. Lobbying has been going on in Canberra for months by companies hoping to be included in the first batch of mines. The report also leaned towards delaying development of Australian deposits for several years.

# Japan minister warns European complaints may hurt growth

BY CHARLES SMITH TOKYO, Oct. 28

COMPLAINTS by European countries about Japanese exports could have a direct impact on the rate of growth of Japan's economy in fiscal year 1977, the Japanese Vice-Minister of Finance for International Affairs, Mr. Matsukawa suggested to-day.

Mr. Matsukawa said it was impossible at present to tell whether the impact of European moves would "significantly" affect Japanese rgowth next year (by forcing Japan to slow down its exports to Europe). He noted, however, that EEC moves appeared to be concerned not only with Japan's export to member-countries of the Community, but also with export to third countries where the EEC feels its market share is being threatened by Japanese "aggressiveness."

A case of this has arisen in EEC-Japan talks on steel where the Europeans have stressed their concern about the spectacular recent rise in Japanese sales to European countries which are not EEC members.

Mr. Matsukawa said the degree to which EEC actions affect Japan's growth rate would depend on how the trade problem is "handled" by the Ministry of International Trade and Industry.

He also said that he could not tell personally how concrete European demands for export restraint were from press reports on the current mission to Europe by the Keidanren (Japan's equivalent of the CBI). It would be necessary to hear first hand impressions from the Keidanren mission before the seriousness of the situation could be assessed, Mr. Matsukawa said.

While the Japanese wait to hear what the EEC is expecting of them the finance ministry is continuing to claim that the visible trade surplus is being brought under control by a combination of rising imports and a hoped-for tailing off of the export boom. Figures quoted by the Ministry to-day show that Japan's imports in the third quarter of 1976 were 14.6 per cent. up on the second quarter, whereas the rise in the second quarter itself was only 2 per cent.

Officials are quick to suggest that this percentage increase means that Japanese industry has now recovered enough to start replenishing its stocks of raw materials but the actual facts appear to be somewhat different. The index for Japanese industries raw material stocks stood at 148 in August against a 1970 base level of 100. By contrast the real growth rate of the Japanese economy since 1970 works out at less than 30 per cent., indicating that the ratio of raw materials stocks to GNP is still much higher than it was five years ago.

Japanese industry does not in fact appear to have been sucking in large amounts of raw materials between July and October but there is evidence that the country has started to stockpile oil, presumably in preparation for the anticipated OPEC price rise. Other factors in the rising value of imports include higher prices for food and timber.

The Finance Ministry admitted to-day that the September figure for Japan's exports ($6.02bn.) was the highest on record, but attributed this to a bunching of ship orders during the month.

# Property law remains, says Mrs. Gandhi

By K. K. Sharma

NEW DELHI, Oct. 28.

INDIA'S Prime Minister, Mrs. Indira Gandhi, has rejected the suggestion that the right to own property should be deleted from the constitution. She said it was easy to create misunderstanding among those who owned a little property, and the Government was proceeding cautiously. It was not to be pushed into a position that made it difficult to implement its programmes.

Speaking during the Lok Sabha (lower house of Parliament) on the Bill seeking to overhaul the constitution, Mrs. Gandhi also rejected the suggestion that only a constituent assembly could amend the constitution. Parliament, she said, had "unfettered, unqualified, unbridled" powers to amend the constitution.

Mrs. Gandhi denied that the clause on anti-national activities and organisations was intended to smother opposition parties.

### ON OTHER PAGES



# Polisario frees French captives

BY EIRENNE FURNESS ALGIERS, Oct. 28.

AFTER [illegible] months' detention by Polisario guerillas two young Frenchmen were released yesterday evening in a desert ceremony presided over by Mr. Salom Ould Salek, Information Minister for the Saharan Democratic Republic, and Mr. Claude Chayet, French Foreign Ministry representative.

Pierre Segure and Jean-Paul Dief, teachers at Agadir in southern Morocco, under a co-operation agreement with the French Government, were on a hunting holiday last December in southern Morocco. On December 31 they were picked up on the national highway Tam Tam by Polisario guerillas and have been captives ever since.

Negotiations to free them dragged on between Saharan Arab Democratic Republic Ministers and French authorities. The Saharans tried to use these prisoners to put pressure on France to modify its attitude on the West Saharan question and slow down what they call "massive sales of destructive weapons to Morocco including napalm bombs."

When agreement was finally reached the French Foreign Ministry issued an official communique saying: "The Ministry of Foreign Affairs reaffirms the Government position as demonstrated in resolutions passed by the U.N. General Assembly calling for self-determination for the Saharan people."

The ceremony of handing over the prisoners to Mr. Chayet and M. Michel Chassaigne, a Red Cross representative, took place 20 kilometres west of Tindouf on the Saharan-Algerian border in front of a memorial to the late Said el Wali, Polisario general secretary, killed on a raid on Nouakchott last May.

The prisoners dressed in new sports shirts and slacks appeared healthy. "It was tough, very tough," said 35-year-old Seguro. "We had no idea there was any war going or we'd never have gone there."

The two men moved around frequently from military to civilian camps inside western Sahara. They knew nothing of negotiations going on for their liberation and were only told they would be freed yesterday morning.

Jean-Paul Dief said they received five books last May and four pieces of mail in the whole ten months. Asked what they did to pass the time he said: "We counted flies." They said they had seen Moroccan, Mauretanian and Spanish prisoners but no other French nationals. They arrived in Paris to-day to join their families.

# China snubs Soviet bloc

PEKING, Oct. 28.

CHINA to-day rejected messages from Soviet bloc Communist parties congratulating Mr. Hua Kuo-Feng on his appointment as Chairman of the Chinese Communist Party.

"We have no party-to-party relations with them. The messages have been rejected," a Foreign Ministry spokesman told Reuters. Congratulatory cables from the Soviet Union, East Germany, Poland, Bulgaria, Czechoslovakia and Mongolia are understood to have been returned so far.

The move did not come as a surprise. Last month Peking rejected messages from Soviet bloc Communist parties expressing condolences on the death of Mao Tse-Tung.

China has denounced the Soviet Communists as revisionists and is in dispute with all the Warsaw Pact parties except Romania's.

A message from Soviet Communist party chief Leonid Brezhnev, published to-day on the front page of Pravda and given prominence in Moscow Radio news bulletin, said: "Please accept congratulations on the occasion of your assumption of the post of chairman of the central committee of the Communist Party of China."

The Russians were once again testing for signs of a rapprochement with Peking, an analyst said. If the Chinese had accepted the messages, it would have been tantamount to establishing party-to-party contacts and opening a dialogue with Peking's bitter ideological foes, observers said.

Until last month, similar messages from the Soviet Union were sent by State bodies such as the Presidium. They were accepted and published in the official Press here.

Meanwhile, wall posters appeared in Shanghai announcing that Su Chen-Hua, a naval commander and alternate member of the politburo, had been nominated to take over as mayor in succession to Chang Chuw-Chiao. Mr. Chang and three other left-wing radicals—Mao's widow Chiang Ching, Wang Hung-Wen and Yao Wen-Yuan — are reported to be under arrest for plotting a coup.

Mr. Su and two other senior officials, Mr. Ni Chi-Fu and Mr. Penb Chumb, were sent by party headquarters here to investigate the radical-dominated Shanghai administration.

Sources in China's largest city said wall posters announced that all three had been nominated as party secretaries for Shanghai with Mr. Su as chairman of the local revolutionary (management) committee.

## HONG KONG AND THE MAINLAND

# It pays China not to rock the boat

BY DAVID HOUSEGO

WHEN CHAIRMAN Mao died, the Hang Seng Hong Kong share index dropped 20 points. The Bank of China building in central Hong Kong was swathed in wreaths placed by both Chinese and foreigners paying tribute. After the official confirmation of Hua Kuo-feng as the new party leader, some 2,000 Chinese gathered at a Communist-controlled cinema for what was the main rally to congratulate chairman Hua and denounce the conspiracy of the "gang of four" headed by Mao's widow Chiang Ching.

These were about the only ripples felt in Hong Kong of the major changes that have taken place in China, in sharp contrast to the months of agitation in the colony in 1967 when the spillover from the Cultural Revolution left over 50 dead.

Hua's victory over the radicals is obviously a major reason why Hong Kong has been so quiet. But even if Chiang Ching had come out on top in the power struggle, there almost certainly would not have been disturbances such as those in 1967. The important lesson of those riots was that both the Communists themselves and the British authorities had overestimated Communist strength. Most of Hong Kong's population of 4.5m. are refugees who have fled across the border because they dislike Communist rule. The Communists have been losing their grip over the young in recent years because of the sharp drop in the numbers of children enrolled in Communist schools where English is not taught. A rough pointer to their power is that compared with the 50m. or 6 per cent of the population of China who are said to have turned out to pay homage to Hua, the corresponding proportion in Hong Kong was about 0.02 per cent.

The party has a strong foothold among key groups of workers such as those manning the dockyards, the ferries, or the buses on the Kowloon side of the colony. But demonstrations are unpopular because of the loss of pay and the disruption to public services.

What is even more important, from Peking's point of view, is that strikes and demonstrations risk frightening away investment and business from Hong Kong. That could rebound onto China by involving it in a loss of foreign exchange. For Hong Kong is China's single most important source of foreign exchange.

Direct exports to the colony of food and consumer goods have doubled over the last five years. On a conservative estimate China receives a further $700m. or thereabouts in invisible earnings. It is made up of $250m. in remittances from Chinese workers in Hong Kong; $50-$75m. from tourism, which principally means the comings and goings of expatriate Chinese; $100m. from the profits of Communist-controlled banks, insurance companies, department stores, petrol stations, and real estate; and $200m.-$300m. from the utilisation of bank deposits not being re-loaned in Hong Kong.

**Peking controls 13 commercial banks in Hong Kong. By ensuring that interest rates on deposits are kept just above those of other commercial banks, Peking has attracted about 20 per cent. of private deposits in the Colony.**

Peking controls 13 commercial banks in Hong Kong apart from the Bank of China. By ensuring that interest rates on deposits are kept just above those of other commercial banks, Peking has in effect attracted about 20 per cent. of private deposits in the Colony.

Foreign exchange earnings from Hong Kong play, therefore an important part in balancing the deficit of China's accounts with the rest of the world.

One of the difficulties of estimating Hong Kong's exact contribution to Chinese foreign exchange earnings is a lack of detail about how much the Chinese are ploughing back into Hong Kong. They have been buying more land of late and even speculating on the Hong Kong stock market. Their properties include the oil storage facilities at Fotan in the New Territories, the massive Metropole complex on Hong Kong island, apartment blocks in Jordan and Nathan Road on the Kowloon side and a large plot on Tsingyi island to develop a machine manufacturing factory. Apart from earning hard currency, such investments are also intended as a political gesture to strengthen the island's stability.

Both the distribution of Chinese goods in Hong Kong and many of the investments are managed by a wealthy community of several hundred businessmen. Being nominally independent of Peking, they also have the advantage of being able to act as intermediaries for Chinese trade with nations like Indonesia where direct contacts are difficult. The most prominent of these businessmen is Mr. Henry Fok, a member of the Communist Chinese Chamber of Commerce in Hong Kong.

China's commercial activity in the colony results in odd situations. Thus China is buying land which it officially claims is part of Chinese soil. The Chamber of Commerce has been as active as any capitalist lobby against investigations currently being carried out by the anti-corruption commission into "commissions" paid by businessmen. The Chamber says that the abolition of such practices would weaken Hong Kong's competitiveness compared with Taiwan or South Korea. It opposes, as does the Communist-controlled press, the increase in taxation that the Hong Kong Government wants in order to finance bigger welfare programmes.

But the Chinese would like to increase their political influence over the colony. They are frightened by the prospect of a more representative Government, as proposed by some British Labour MPs, because it might be dominated by the anti-Communist Kuo Min Tang Party. A prominent Kuo Min Tang newspaper publisher, Mr. Henry Luk, won a seat on the urban council against fierce Communist opposition at the last urban elections. Hence the importance Peking currently places on a hearts and minds campaign to win greater popular support: the keynote that all Chinese are "compatriots," and thus part of the great motherland.

The Chinese community in Hong Kong is pressed into watching Communist-organised shows, sports, and concerts, however bourgeois these might be, so as to remind them of their links with the mainland. [illegible] the heads of the 200,000-300,000 Chinese who visit their homes on the mainland every Chinese New Year is dangled the threat that permission might not be granted again. But the Communists are now most active directing their propaganda at university students. Those wall posters that have been up in Hong Kong are on university campus.

Hong Kong's economic importance to China is likely to [illegible]. Its position as a base for China watchers could be overshadowed. More news is coming [illegible] inspired leaks from Peking direct. The local television station was recently allowed for the first time to have its reporter in Canton transmit live broadcasts of the pro[illegible] rallies, which suggests that the new regime may be more [illegible]. The unique value of Hong Kong remains, however, that it is generally the first port of call for both Chinese and foreign travellers leaving the mainland. It is thus a gathering point for news of politics and economic conditions from almost all provinces of China.

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# Catherwood wants investment scheme to stimulate exports

BY LORNE BARLING

t FREDERICK CATHER-OOD, chairman of the British erseas Trade Board, yesterday led on the Government to tore a 50 per cent. investment nt for industry in an effort boost the country's exports.

If the Government is serious ut industrial regeneration, n we need the present selec- grant system for investment le general, and the grant ed to 50 per cent.," he said.

peaking at an export con- nce at Croydon, he added: ns would halve the effective rest rate and bring it back line with our major istrial competitors."

e believed it would also ble the Chancellor, Mr. ley, to make drastic cuts in lic expenditure without ing unemployment, and ld improve Britain's borrow- power abroad.

ir Frederick said that, during 1960s, Britain had similar blems while keeping up an ellent rate of investment. se grants were abolished in and replaced by allowances, ch only helped when profits were big enough." The unions and the Confederation of British Industry were unrealistic when it came to finding the money for investment.

"The TUC look to companies, but what company is going to borrow at 16 and 17 per cent.? The CBI looks to higher prices and a shift to higher taxes on goods which would also put up prices," he added.

But he said later that Britain could have an effective cut in interest rates by giving 50 per cent. grants for proper industrial investment.

"We had an investment grants scheme from 1965 to 1970 and it was extremely good and produced a high rate of investment. It was abolished for political reasons in 1970 and investment fell almost at once."

Arguing for an outright grant rather than investment allowances, he pointed out that allowances were no value unless the project made profits and unless an industrialist was sure of the profit the allowance was really not an incentive.

Regarding international loans, he suggested that the Government promise spending cuts of £3bn. with the assurance that perhaps £2bn. be allocated to investment grants. "You then give the IMF a way out of the trade problem," he said.

● The distinctive contribution made by British consultants to the country's earnings from abroad goes "neither unrecognised nor forgotten by the Government," Mr. Edmund Dell, Secretary of State for Trade, said yesterday when speaking to the British Consultants Bureau in London. "The British Consultants Bureau alone represents nearly 200 firms either already actively involved in projects abroad, or seeking to win overseas contracts. And by the Bureau's own estimates, the foreign earnings of British consultant engineers, architects, surveyors and the rest have risen from £25m. in 1968 to more than £200m. by last year," Mr. Dell said, adding that this "amounts to 14 per cent. of our total invisible earnings for 1975." I believe an outstanding opportunity now exists for a further major growth in foreign earnings by British consultants.

# Swedes may raise pulp stock loan

By William Dullforce

STOCKHOLM, Oct. 28.

SWEDISH pulp producers are discussing the possibility of taking up a joint loan of $100-150m. on the Euromarket to help finance their heavy unsold stocks of market pulp.

The forum for the discussions is the Swedish Pulp and Paper Association, which would raise the loan through a Swedish banking consortium either in its own name or that of one of its subsidiary organisations.

The move is still only in the discussion stage, according to Mr. Erik Sundblad, the association's vice-chairman and managing director of Stora Kopparberg, but several mills apparently regard it as a better alternative than price reductions. And, whether the loan is arranged or not, most mills are expected to announce further production cuts shortly.

The increase in demand from foreign paper manufacturers which had been expected to take shape this autumn has simply not occurred.

Pulp stocks rose further during September and the Swedish mills are now understood to be holding 1.35m. tonnes of market pulp.

Of the market pulp in stock, some 1m. tonnes is regarded as being in excess of normal stocks. The Euromarket loan, it is calculated, would help finance about half this amount and thereby enable the mills to maintain their price front against the European consumer.

# Mitsui links with Danes for Vietnamese cement plant deal

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, Oct. 28.

A CONSORTIUM formed by a member of Japan's Mitsui group and the Danish engineering company F. L. Smith has won the first major plant contract from Vietnam since the two halves of the country were unified in April.

The contract is for a Y19.57bn. (£41m.) cement plant to be supplied to the Vietnamese Techno-import Agency for installation between Hanoi and Haiphong. Construction, design and some specialised machinery is included in the Danish share of the contract, which is worth Y9.3bn. The Japanese share is worth Y10.2bn. and consists of standard machinery of the plant.

The Mitsui group member which will be executing the contract is Shinwa Bussan, an affiliate of Mitsui and Co. (Japan's number two general trading company), which specialises in trade with Communist countries. A spokesman for Mitsui and Co. said this afternoon that there were "reasons" why Mitsui itself is not yet in a position to trade directly with Vietnam.

These apparently include the fact that Mitsui had a close relationship with non-Communist South Vietnam. However, the Mitsui group as a whole has been very active in promoting relations with the unified Communist Government of Vietnam in the past few months

A mission from Mitsui Bank visited Hanoi in August to discuss the possible opening up of banking relations between Vietnam and Japan. The mission also discussed the terms on which Vietnam might be able to raise funds (eventually) in the Tokyo market and the denomination of Japanese-Vietnamese trade in yen instead of in D-marks.

A spokesman for Mitsui Bank said this afternoon that the mission gained the impression that Vietnam was "extremely interested" in developing relations with Japanese and Western banks.

Japanese trade with Vietnam has grown extremely fast since the beginning of 1976. Exports in the first eight months of the year totalled Y35.8bn., against a combined total for the two Vietnams of Y14.2bn. in the first eight months of 1976. A factor in boosting Japanese exports, has been Japanese Government grant aid of Y13.5bn. which was extended as part of the agreement under which Vietnam allowed the opening of a Japanese embassy in Hanoi

Up to the signature of to-day's contract Y8.5bn. worth of this aid had been used for financing relief and commodity exports to Vietnam. The remaining Y5bn. portion of the Japanese grant will go towards financing the cement plant. The Danish side of the contract is being financed by a Danish Kr.150m. Government soft loan and a Danish Kr.30m. grant. The balance of Y5.2bn. on the cement plant contract will be paid in cash by Vietnam when the plant is delivered.

Neither Denmark nor Japan are currently extending commercial credit to Vietnam, which explains why the cement contract has been financed out of Government aid on both sides. A spokesman for F. L. Smith said to-day that the cement contract was originally offered to his company but could not be handled by it alone because of financing problems.

# Record colour TV exports

TOKYO, Oct. 28.

JAPAN'S COLOUR television exports in September reached a record 555,475 units, surpassing the previous record 530,681 units in July this year, the Electronic Industries Association of Japan said. The September total rose 31 per cent. over August and 55 per cent. above the same month of 1975.

The association attributed the record exports chiefly to increased shipments to cover Christmas demand in the U.S. and Europe. It added those to the U.S. in September rose 73 per cent. to 337,500 units over a year earlier, while those to France, West Germany and Canada also expanded.

Exports in the first nine months which stood at 3.65m. units, were almost double those in the same period last year. Industry sources said it is certain colour television export sales this year will reach 4.5m. sets. Reuter.

# Problems for Kursk steel plan

By Adrian Dicks

BONN, Oct. 28.

DIFFERENCES between the Soviet Union and the five West German industrial companies building the giant Kursk steel complex seem to have emerged over the organisation of the construction work.

The chairman of Salzgitter, the West German Government-owned group which is to build the pelletisation plant, said yesterday in Hanover that it was possible that there would not be a grand consortium co-ordinating the project, as the Soviet authorities apparently want, but that each of the five companies would act as a general contractor for the work falling within its sphere.

According to the Salzgitter chairman, Herr Hans Birnbaum, this was one of several possible models under discussion following agreement on the West German side that the Soviet plan of action was impracticable.

But Herr Birnbaum also implied that the West German partners themselves were not unanimous in their response to the Soviet Government's reported interest in expediting the pelletisation and direct reduction plants, for which detailed technical and commercial proposals have now been laid before Russian officials.

He would not comment on reports circulating in Germany that the total cost may reach as much as DM12bn. compared to the DM4-5bn. range discussed when the project was first raised three years ago.

# Nigerian order for GEC unit

BY MARGARET HUGHES

EPHONE CABLES (TCL), a subsidiary, has won a £33m. tract in Nigeria—its largest er so far this year. The tract was placed by the erian Ministry of Communi- ons, is for the supply, allation and conversion of l telephone cable net- ks in six towns situated Northern Nigeria—Kano, una, Maidurguri, Jos, Bida Minna.

his brings the total amount work being undertaken by phone Cables in Nigeria to n. Last year it was awarded 1m. contract by the Ministry Communications for similar k in the Greater Lagos area. e British concern says it is icularly pleased with the st deal since U.S. companies in the past dominated the in Nigeria. Earlier this th another British company, C, gained a £20m. order from Nigerians for the supply and allation of telephone cable works in the mid-west (oil lucing) region of the country. e current contract requires to expand and modernise existing networks which will ide facilities for some 150,000 phone subscribers. It will be mplete turn-key project with having overall responsibility the supply, installation and missioning, together with all works associated with the works.

Work on the contract is expected to start early next year with completion scheduled within three years—some 100 engineers will be involved on the project. Negotiations on the sub-contracting work have yet to be completed. Nigeria is known to be anxious that as much as possible of this should be placed with local companies but, given a shortage of available expertise, it may well be that some of the work will eventually be sub-contracted to British companies.

Telephone Cables is currently negotiating for further work in Nigeria. The Nigerian Government is rehabilitating the whole of its telephone system under the Third National Development Plan 1975-80. Initially the overall investment was put at some £250m. but in practice is expected to be much higher. The GEC subsidiary hopes to win the contract for one of the six zones, involving a total of 147 towns, in another scheme within the overall plan to be undertaken in northern Nigeria.

The TCL order is the second Nigerian contract to be awarded to a GEC company in as many weeks. GEC Switchgear won a £5m. order from the National Electric Power Authority of Nigeria for high voltage switchgear to extend three existing sub-stations at Benin, Kaduna and Jebba, the original equipment having been supplied by the company in 1966. Subsequent extensions were made in 1973 and 1974.

# More HK rail contracts

he Export Credits Guarantee artment has guaranteed an itional £40m. to the £80m. ch Kleinwort Benson signed lay with the Hong Kong Mass nsit Railway Corporation.

his additional £40m. has been e available because of the ess of British companies in ring electrical and mechani- contracts worth £97 million. as announced yesterday.

hese include the major pro- contract worth £41m., won Metro-Cammell of Birming- , a £5.8m. contract won by tinghouse Brake and Signal, a £6.5m. contract for GEC ifyers. This company has also been awarded work worth £3.2m. as a sub-contractor to GEC Hong Kong.

Vickers has been awarded work on a workshop, valued at £1.7m., while much of the remaining sum is taken up by currency and other provisions.

The finance for the credit was arranged by Kleinwort Benson acting on behalf of a consortium of London clearing and Scottish banks.

To qualify under the terms of the line of credit a contract must have a minimum value of £2m. and be placed by the end of December 1978.

# Soviet instruments deal

n order worth more than ,000 has been won by Pye cam of Cambridge to supply ntific instruments to Russia. contract which is the gest single order ever eived by the British concern ok 14 months to negotiate.

he contract is for 20 Pye cam series 404 mk. 11 cess chromatographs and 20 Pont (U.K.) type 560 sture analysers which in- porate micro processor con- led samplers. They will be alled in four different petro- mical plants in Russia and be used for on-stream lysis to improve and optimise ity levels during processing.

## Moskvitch in Malaysia

he Soviet Union plans to mble Moskvith cars in aysia, Reuter reports. Soviet ambassador to Malaysia Mr. K. N. Bendryshev told reporters at the end of a two-day visit to the east coast state of Trengganu he hopes the Malaysian Government will grant licenses for the assembly but he gave no further details.

## Freight charges cut

Six shipping lines operating services from London to Mediterranean ports have slashed some of their freight charges by up to 50 per cent. in a bid to win more export cargoes. The reductions apply to scale 1 free on board (fob) charges for loose and palletised cargoes loaded at berth's at London's India and Millwall docks used by the shipping lines. The new rates, £6 per 1,000 kilos (loose) and £5 per 1,000 kilos (palletised) will remain in force until March 1977.

# German steel groups drop Rotterdam project

BY MICHAEL VAN OS

AMSTERDAM, Oct. 28.

KRUWAL, the joint Thyssen- pp-Mannesman unit, said it dropped a plan to build a 200m. iron ore pellet plant he Rotterdam harbour area. ruwal said it will not appeal inst a decision by the Pro- cial Authorities of south land to refuse building per- sion on environmental unds. The local authority for nmond grouping towns at the th of the Rhine, had also osed the project, but the nomics and Housing Minis- s and Rotterdam town horities had come out in our.

n response to the West man consortium's decision to p the project the Dutch istries for Economics and ial Affairs have appealed to Crown for reversal of the vincial authorities decision. tterdam business circles are l to be worried that this ision could seriously affect st German investment policy the area.

he establishment of the new nt has been a controversial issue in Rotterdam for some considerable time. Even the German company's existing plant ran into difficulties last year when there was pressure from the local Rhine Delta authorities not to extend investment licences under the (recently withdrawn) selective investment regulations scheme. However, the Economics Minister, Mr. Ruud Lubbers intervened to grant the necessary permits.

Rotterdam has always been a difficult area as far as new industrial investmnets are concerned with extremely tight environmental regulations—planning procedures take up record periods of time.

The Kruwal developments, which were due to be discussed in the Dutch Cabinet to-morrow, are taken very seriously by the Ministers as the plans would create work for at least 200 people. They are also anxious not to frighten off industrial investors in the current difficult economic period with unemployment exceeding 5 per cent.

## HOME NEWS

# Mortgage curb forecast by Woolwich chairman

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

A FORECAST that building society lending next year was likely to fall came yesterday from Sir Oliver Chesterton, chairman of the Woolwich Building Society.

In suggesting that societies would be doing "extremely well" to repeat this year's lending figure of £6bn., Sir Oliver was *saying in public what most* building society executives have privately been thinking for some weeks.

The Building Societies' *Association says it hopes this* year's figure can be repeated and even improved on during *1977, but few individual societies* now believe this to be possible given the general interest rate situation.

The societies' own higher interest rates come into effect next week. Although it is hoped they will increase the inflow of funds, *they are not expected to prove* attractive enough to enable a continuation of the current *monthly lending programme*, running at moret han £500m.

It should become clear within the next few weeks just how well placed societies will be. The chances of higher interest rates cannot be ruled out, although there is a substantial body of opinion which believes that, with the mortgage rate of 12.25 per cent., a cut-back in lending would seem more likely.

Some society executives believe that the ceiling for mortgage *rate has* virtually been reached and that to go further could cause serious financial problems for many thousands of existing borrowers. A drop in *lending, to between £4.5bn. and* £5bn., may now have to be considered as the only alternative.

In making his forecast yesterday, Sir Oliver said he did not *expect any reduction in the* lending programme for 1977 to have a significant impact on the housing market, largely because the lower volume of mortgage funds could well coincide with a period of reduced demand.

Although there have not so *far been any signs of a decline* in mortgage demand as a result of the higher interest rates, a reduction in the number of people seeking loans would certainly make it easier for the societies to *contemplate* a smaller lending programme.

The problem is that a decision to raise rates or cut lending will most likely have to be taken *before the actual demand pattern* for 1977 becomes clear.

Sir Oliver said that last year, the Woolwich—Britain's fifth largest society—lent £318m., *against £292m. in the previous* 12 months. Inflation, however, meant that the actual number of house buyers involved fell from 38,000 to 37,000. The society's assets grew last year by 18 per cent. to £1.48bn.

Next week, the Woolwich is to *introduce a new issue of its two-*year term share which will pay a 1 per cent. premium over the ordinary share rate, yielding 8.8 per cent. net on the current interest rate structure.

# More South-east offices

BY QUENTIN GUIRDHAM, PROPERTY CORRESPONDENT

A MARKED increase in development permits granted for offices *in the South East is shown in* figures, released yesterday, for the year ended last March. The *gross floor area covered by per*mits was 15.45m., against 11.4m. for the 1974-75 period. There *were 319 separate permits*, against 241.

The increase is in part explained *by a rise in development* plans from the very low level throughout 1974. It may also have been influenced by a slightly more tolerant attitude by the *Department of the En*vironment.

During the period the stated *policy was to apply strictly the* Office Development Permit control system, to insist on applicants *for offices for their own* use showing that a move outside London and the South East was not practicable. There would be severe restrictions, on speculative building.

# More houses built in September than for 6 months

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE NUMBER of homes completed during September reached the *highest* monthly total for six months, but the start rate on new houses remained *disappointing*.

It now looks as though the combined *total of* homes on which work will begin in the private and public sectors during *1976 will reach between* 320,000 and 340,000, against 324,000 in 1975. The builders do not expect next year to show progress, and some projections put the annual starts figure as low as 285,000.

Not only is the industry worried about the repercussions of public expenditure cuts on council housing activity, but it remains concerned about the prospects for mortgage finance during 1977. Any shortage of home loans could further restrict the *private housing market*, and builders could therefore face a downturn in output in both sectors.

As far as the outlook for completions is concerned, the *1976 total for the two sectors* taken together should reach between 310,000 and 320,000, *against 313,000 in 1975*. Next year completions should be at about the same level.

*According to the latest pro*visional figures from the Department of the Environment, *the total* number of homes on which work began during the third quarter of this year fell by 1 per cent., compared with the preceding three months, although the rate of new building was 1 per cent. up on the July-September *period last week*.

The number of homes completed in the latest quarterly period was estimated by the Department to have fallen by 2 per cent. from the previous three months, and was 1 per cent. down on last year's poor levels.

In the private housing sector a start was made on 15,500 homes *during Septem*ber itself, a significant increase of 2,400 over August. The total however, only restored the level of output to the rate achieved earlier in the year.

Council housing starts last month fell back again, this time from 14,800 to 14,000, a fall of 3,500 from the level of June and July.

Completions last month rose substantially in both the private and public sectors, according to the Department. A total of 14,500 council homes were made ready for occupation in September, against only 11,700 the previous month. A further 14,000 new private *homes came on to the market*, compared with 11,600 in August.

# Shell puts 3½p more on petrol

By Ray Dafter,
*Energy Correspondent*

SHELL HAS set the tone of *petrol* prices, raising wholesale tariffs by 3½p per gallon from to-day. The increase will push pump prices *well past* the 80p per gallon mark, assuming the industry does not engage in more intensive price-cutting competition.

The 3½p increase should work itself through as a 4p to 4½p rise at the pump, once value added tax and dealer margin adjustments are taken into consideration. *It will take the schedule* price of Shell's four star petrol to between 80p and 83½p per gallon, depending on the location.

The increase is in line with that announced earlier this week by Continental Oil. It is known, *however, that a number of com*panies have been waiting for a move by Shell or Esso—two of the industry's major suppliers—before deciding on the scale of their own increases.

Although petrol sales are about 5 per cent. higher than a year ago, the *market* is still intensely competitive. Authorised price increases earlier this year were followed by a spate of cut price offers, many of which eroded completely the rises accepted by the Price Commission.

Oil companies maintain that even the latest increases, which follow the fall in the value of sterling against the dollar, do not *cover all the additional costs*. It is likely that a further rise could be sought in a few months.

# Too early to judge National Theatre—Arts Council chie

BY MICHAEL THOMPSON-NOEL

BY MICHAEL HOMPSON-NOEL
IT WAS *still too* early to discuss next year's funding of the *National* Theatre and its newly opened theatre complex on London's South Bank, Mr. Roy Shaw, *secretary general* of the Arts Council, said yesterday. The National has estimated that it will need £3m.

"It is too early to judge the *National Theatre's* work, operations and costings," said Mr. Shaw, "but we are keeping a close eye on it."

He was speaking after the *publication* of the council's report and accounts for 1975-76, which show that last year the *National* received a total of £1.9m. out of the £8.1m. made available to the national arts companies in England.

The Royal Opera and Royal Ballet companies, Covent Garden, received £3.4m.; the English National Opera Company £1.9m., *and the* Royal Shakespeare Company £915,000.

## Inflation

In an introduction to the *report, Lord Gibson*, chairman of the Arts Council, says that over the last three years the council's resources had hardly grown in real terms.

"Our problem, therefore, has been to *maintain intact* what was so successfuly created before runaway inflation took hold, but to do so without denying all response to new ideas and initiatives."

Lord Gibson, who is chairman of the Financial Times, said that there were two main elements in the council's policy.

"One is to use our resources to help maintain and improve the practice of the traditional arts, and to make them not only more accessible to, but more approachable by, an increasing number of people.

"The other is to support artists working in experimental forms, and to give encouragement *to ways of involving new* audiences in artistic experience."

The report shows that of a total grant of £28.9m. last the Arts Council provided and £2.3m. for the Scottish Welsh Arts Councils respect

Its general operating cost London accounted for less than 5 per cent. of its English budget and a proportion than in the prev year.

In England, it considered specific applications from or*sations and individuals* for sidy and made funds ava to 2,150.

Lord Gibson said yes that he deplored the events at London's Institute Contemporary Arts, which st a controversial exhibition *titled Prostitution*.

But it would be a mistak the council to ignore the of experimental and perform art, and impractical and to make decisions in adv about individual items in organisation's programme.

Lord Gibson is not to reappointment after his term expires next May.

The ICA exhibition was by Coum Transmissions, an perimental performance *led by Genesis P. Orridge* his companion, Cosey Fa Tutti.

The Council regularly viewed the performances of the organisations it funded the annual review of the ICA work was at present under Lord Gibson declined to pre the outcome of the review.

The report shows that Coum Transmissions received from the Arts Council last ye It also received £975 over last two *years from the Brit* Council to attend art festivals Europe. All told, the Ar Council offered grants guarantees totalling £69,65 42 similar individuals or grou of experimental artists.

*The Arts in Hard Times, Arts Council of Great Britain 31st Annual Report and Accou 1975-76, £1.00 (p and p), 50p annual report alone 50p (p and 25p); Arts Council Shop, Sackville Street, London, W1.*

# Fidelity reinsurers want costs agreement

BY ERIC SHORT

THE FIVE reinsurance companies which are creditors of Fidelity Life Assurance are withholding their consent to the dismissal of the petition to wind up the company until agreement has *been reached on* the payment of their costs.

This objection was disclosed at *yesterday's High Court hearing* of the winding-up petition, which was brought by the Secretary for Trade in July, 1975.

The reinsurers have claims against Fidelity Life totalling £465,000 for arrears of premium and commission. Under the proposed rescue scheme for the company, the reinsurers have been offered 70 per cent. of that *amount by Fidelity Corporation*, the parent of Fidelity Life, payable in two instalments on December 31, 1981, and December 31, 1982. The reinsurers have accepted that offer.

The only outstanding question, the Court was told, was the payment of costs. The reinsurance companies maintain that the usual position would be that their costs in preparing and negotiating the agreement would be paid by Fidelity Corporation.

The Corporation accepted this in principle, but said it was in the *hands of its bankers*. could not say how and when would make the payments. But the Court was told, it w expected that the question costs would be resolved soon.

The Court was told that scheme of rescue had be agreed between the Policyholders Protection Board and the Fidelity Corporation. But th could not become effective un there was agreement between the reinsurers and the Corporation.

Manwhile, the Court agreed hear an application by the Corporation under Section *50* of Insurance Companies Act, 19 which would give the Co power to reduce the amount the contracts of Fidelity L Another application was m asking the Judge to dispe with policyholders' meetings approve the rescue scheme.

Assuming that scheme sanctioned, and the winding petition dismissed, the date which the management Fidelity Life would be h over to Norwich Union has *provisionally fixed for Decem* 1.

# Sterling crisis 'has European dimensions'

BY KEVIN DONE, INDUSTRIAL STAFF

THE STERLING *crisis is not* pursely a British issue, but a crisis of European dimensions, *M. Henri Simonet, vice-president* of the European Commission, said in London yesterday.

If Britain was brought to the verge of bankruptcy causing political and social collapse, it would be a major crisis for Europe. No one could wish that international monetary institutions would impose a burden on Britain which she could not sustain, he said.

"I don't think that a stern deflationary policy would help in any way to cure *Britain's* economic problems. In erratic exchange markets, Europeans *must help in every way they can*, by not imposing conditions that the Government cannot deliver."

*M. Simonet*, who was in Britain to visit part of the British Steel *Corporation's* £3bn. development at Redcar, South Teesside, said he was struck by the total disconnection between the economic reality in Britain and the erratic exchange markets.

## Expenditure

If the Government could show that it was able to control public expenditure and maintain *the* support of the trades unions, the economic basis existed to allow Britain to become a *major* industrial power again.

M. Simonet, the commissioner *in charge of steel*, has been meeting both sides of the industry and users to develop his blueprint for a more powerful and interventionist governing body. The plan envisages closer monitoring of investments, production agreements with individual companies and indicative *mini*mum prices to avoid cyclical crses in hte industry.

*Representatives of the* EEC steelmakers, the unions and the *users are agreed* that a s situation exists in EEC making and that measures *to be taken to cut output* mills to meet demand, a stem the flood of cheap im inot the community.

## Voluntary

M. Simonet is seeking voluntary co-operation of members for a policy that be free of the "heavy bu procedures" of the ori treaty and will be able to duce accurate forecasts to the basis of voluntary ob tion of norms.

The next round of Japanese talks on the self tation of Japanese exports Western Europe will take p *in Brussels on November* 1 Japanese are taking a cold of EEC allegations that they causing trouble in the through excessive exports maintain that they are kee within voluntary limits ag in 1975.

# Nurses 'should be able to prescribe Pill'

NURSES, midwives, health tors and chemists should be to prescribe the contracep pill provided they are suit trained and certain *safegua* are followed, a report rec mended yesterday.

*The recommendation is* by the joint working group oral contraceptives—a com tee which includes doc nurses and pharmacists.

* *Report of the Joint Work Group on Oral Contracep 65p.*

DR. WALLERSTEINER 'GRAVELY MISMANAGED' HARTLEY BAIRD

# Chairman 'mesmerised' Board

BY TERRY WILKINSON, CITY STAFF

THE AFFAIRS of Hartley Baird were "gravely mismanaged" by Dr. Kurt Wallersteiner while he was chairman of the engineering company, and he "failed to act in the best interests of shareholders as a whole," Department of Trade Inspectors say in their second report on Hartley Baird published yesterday.

Dr. Wallersteiner was "guilty of breaches of his fiduciary duty and his duty of skill and care as a director of the company, and both in circulars and at annual general meetings of the company was also in breach of his duty to give proper and adequate information to shareholders.'

His co-directors were "negligent and failed to exercise due skill and care in the performance of their duties." By "allowing themselves in the main to be 'mesmerised' by Dr. Wallersteiner's dominant personality." they constantly accepted his assurances that his schemes and projects would prosper, and wilfully ignored the overwhelming evidence to the contrary in going along with these schemes."

## Circular cheque

The inspectors—Mr. John Hazan, QC, Mr. Thomas Harding, a chartered accountant, and Mr. Alistair Troup, a barrister—published their first report on Hartley Baird in February. That was concerned with Section 172 of the Companies Act, 1948, which deals with control of companies.

In it they concluded that Dr. Wallersteiner acquired the majority shareholding in HB in 1962 without paying the full purchase price and without making substantial payment.

It was done by means of a circular cheque transaction which took place in September that year. The controlling interest in Hartley Baird, formerly owend by Camp Bird, was transferred to the Rothschild Trust, a Lichtenstein company which, according to Hartley Barid's last annual report, is now thought to have been representing Dr. Wallersteiner and his mother. In return Rothschild Trust was to pay off Camp Bird's debts to Hartley Baird.

Under the circular cheque transaction, the amounts due, £284,081, were immediately lent by HB and its subsidiaries to Investment Finance Trust, a Bahamas-registered company controlled by Dr. Wallersteiner. The Inspectors say that only a very small proportion of the debt was ever repaid.

Because of the way that Dr. Wallersteiner gained control, they concluded in their first report that he had shown himself totally unfitted to be a chairman or director of a public company.

In their second report on Hartley Baird, which is under section 164 of the Companies Act, on the affairs of the company, the inspectors criticise the delay between 1962, when Dr. Wallersteiner acquired control, and the institution of a Department of Trade investigation in 1973.

"With the benefit of hindsight," they state, "it is easy to see that most of the troubles suffered by the company would have been averted if an investigation had been ordered earlier.

"Dr. Wallerstiner, no doubt emboldened by his apparent success in having by deceit obtained the majority shareholding in HB without paying the full purchase price, was able without restraint and with the assistance of a mainly compliant Board of directors so to misconduct the affairs of HB over the years that, despite its potentialities, the company, has been reduced to its present difficult position"

## Irresponsible

The inspetcors are critical of the HB Board over its investment in Anglo-Canadian Cement, a Nigerian-registered ocmpany promoted by Dr. Wallersteiner for manufacture and distribution of cement in West Africa, which they describe as "the most disastrous operation undertaken by HB during the chairmanship of Dr. Wallersteiner."

They say the Board acted irresponsibly in guaranteeing payment by Anglo-Canadian to a supplier of £72,000 for purchase of machinery without inquiring into the Nigerian company's financial standing and before HB had acquired any interest in it.

The inspectors consider that the purchase of a 51 per cent. stake in Anglo-Canadian was unduly expedited in order to pay off Dr. Wallersteiner's overdraft with the Ionian Bank: having acquired this holding the Board failed to maintain proper control over the activities of Dr. Wallersteiner, its chairman, and in consequence the HB directors failed to act in the best interests of shareholders. This led to a loss of £246,000 of the company's money in relation to Anglo-Canadian which went into liquidation in 1969.

As a result the inspectors conclude that "the directors of HB were negligent and failed to exercise due skill and care in the performance of their duties as directors. In consequence, the assets of the company were whittled away over the years."

Turning again to Dr. Wallersteiner, the inspectors say that while he was chairman of HB "the interests of the minority shareholders were totally disregarded." Dr. Wallersteiner "treated HB as his personal property, with scant regard for his co-owners."

"The fact that Dr. Wallersteiner was indifferent to HB's trading results and was clearly interested in the company only as a source of funds made it impossible for the minority shareholders to receive fair treatment"

*Hartley Baird Ltd. Investigation under section 164 of the Companies Act 1948. Report by J. B. R. Hazan, T. G. Harding, A. M. Troup. S.O., £2.25.*

# Moves on Clyde debts

By Ray Perman, Scottish Correspondent

CREDITORS of Upper Clyde Shipbuilders, which went into liquidation five years ago, agreed yesterday to appoint a representative of foreign companies still owed money to the committee of inspection.

At a meeting in Glasgow Mrs. Valerie Chinnery, consultant in Britain to Strommen Staal, a Norwegian steel company which supplied components to UCS, said that creditors in Scandinavia and West Germany were still owed £3m. to £4m. Her own company was owed more than £100,000.

"The managing director of Strommen Staal felt that if I could get on the committee of inspection I could also represent other foreign interests who, quite frankly, think it is taking a long time to get anything done."

Mrs. Chinnery told Mr. Robert Smith, the liquidator, tant in Britain to Strommen that her company was one of those that continued to do business with Upper Clyde in the belief that the Government was behind it.

Mr. Smith said he would ask the Parliamentary Commissioner to investigate possible maladministration by the Government. He had written to the Secretary of State for Industry saying the Government had "the greatest moral duty"

# Deep-mined coal production down nearly 7%

BY RAY DAFTER, ENERGY CORRESPONDENT

PRODUCTION from Britain's deep-mined coal fields fell by nearly 7 per cent. in the first nine months of this year, according to the latest Government energy statistics.

The drop in output, from 84.6m. tons to 78.8m. tons, was partly offset by a 17.6 per cent. increase in production in opencast fields.

Total coal industry output, at 88.9m. tons, was still almost 4 per cent. down on the corresponding period last year, however.

Distributed stocks of coal, mainly at power stations, rose by nearly 750,000 tons in September to a total of 23m. tons. Undistributed stocks, at 10.5m., fell marginally during the month, but were still nearly 2.5m. tons greater than a year before.

Total home production of primary fuels in the three months to the end of June, measured in thermal terms, was more than 8 per cent. higher than in the corresponding period of 1975.

The chief part of the increase was attributable to North Sea oil, although nuclear and hydro electricity also made a contribution.

Total gas sales in the three months were about 2.4 per cent. higher than a year before.

In the three months, June to August, electricity demand was nearly 3 per cent. higher than in the same months in 1975.

It is thought that the increase reflected the sustained higher demand of industry.

Energy consumption by the iron and steel industry in the second quarter rose by nearly 12 per cent. on the previous year, a result of partial recovery from the depressed level of activity in the sector in 1975. Industries other than iron and steel consumed about 1 per cent. more energy in total, with increases in gas and electricity offset by the lower use of coal and oil.

Consumption by final users on a heat-supplied basis was almost 1 per cent. lower in the second quarter. Fine weather, conservation measures and the impact of higher prices introduced in April, caused consumption in the domestic sector to fall by more than 10 per cent.

## English Rose £3m. scheme

ENGLISH ROSE £3M SCHEME JOHN LAING construction is to build a £3m. factory, with ancillary buildings, for English Rose Kitchens at Wedgnock trading estate in North Warwick.

Work will start on Monday on the £1.2m. building contract. The future of the present premises at Wharf Street has not been decided

# Pension of £10,000 for ex-chairman

A PENSION of £10,000 a yea for life was given yesterday t a former company chairma whose business was bailed ou by the Government.

He is Mr. Robert Potel, wh was chairman of Drake an Scull before it changed its nam from Drake and Cubitt and sol off the Cubitts construction bus ness.

Mr. Potel, 60, will receive th pension as part of a settlemen for ending the £100,000 consult ancy he was granted last yea when he stepped down as chai man.

Under the consultancy agree ment, Mr. Potel received a salar topping £17,000 a year—subjec to indexation to take account o inflation and with part payment in Belgian francs — unti October, 1977. After that th salary was to be reduced t £10,000 a year, subject to indexa tion until January, 1986.

Mr. Michael Abbott, Drake an Scull chairman, said yesterda that Mr. Potel had resigned fron the Board as a non-executiv director and would receive a exgratia payment of £5,000 fo loss of office.

Mr. Potel, who gave up th chairmanship in September fo health reasons, is still one of th group's largest shareholders wit more than 1.1m. shares.

The Government said that i was giving the company a cash injection in August to clear th way for the sale of Cubitts con struction business to Tarmac The company received £700,000 but the Government agreed t make available a further £1.75m

# More seek degrees in engineering

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

SUBSTANTIAL INCREASES in applications for university engineering courses are shown by a survey of demand for student places in 1977, reported yesterday by the Universities Central Council on Admissions.

The date of the UCCA survey was October 15, three days before the Prime Minister called for greater emphasis on indsutry-related studies.

Although only a minority of candidates had applied by then, a 6.8 per cent. increase over the previous year's total suggests that the final number of university applicants will be up —from 142,000 to 150,000 or more.

While civil, mechanical, electrical and general engineering have so far gained increased numbers of applications, they have not also increased their share of the total demand.

Subjects where the proportion of applicants has increased include education, veterinary studies, business management, accountancy, law, and combined languages.

Subjects which have attracted greater numbers without any significant change in market share include: medicine, dentistry, biology, chemistry, social studies combined with arts, and classics.

Subjects where numbers and shares have remained stable are mathematics, combined physical and biological sciences, combined social studies, and combined arts.

Those with stable numbers but smaller shares are: economics, geography, English, and history.

Subjects which have lost both numbers and share are pharmacy, physics and sociology.

## Stop sniping

A school careers master yesterday urged teachers and employers to stop berathing one another and set about learning to talk together amicably.

Mr. Ray Heppell, president of the National Association of Careers and Guidance Teachers, said in Cardiff that "sniping" by employers did not help school careers staff who were already severely hampered by shortage of resources and time.

Co-operation between teachers and employers was esential at all levels. There was a need to look beyond the present welter of piecemeal and fragmented expedients, and re-plan the future carefully with the aid of a national inquiry into the education training of the 16-19 age group.

# Scottish executives narrow salary gap

BY OUR SCOTTISH CORRESPONDENT

SALARIES OF company executives in Scotland are now only 4 per cent. below the U.K. average, compared with 11 per cent. five years ago.

This is one of the main conclusions of a survey by Inbucon/AIC Survey Research, announced yesterday in Glasgow. The continuing difference was attributed to the average size of companies in Scotland being smaller than in other parts of the U.K.

Managing directors in the survey earned an average of £9,366 in companies with less than 250 employees and £15,598 for those with between 1,000 and 2,000 employees. Other directors earned between £7,256 and £11,047.

Salaries for general managers in the same two categories ranged between £9,348 and £9,539, and company secretaries between £5,418 and £8,663.

The rise in gross managerial salaries in Scotland in the four years to July, 1976, was 63 per cent. (53 per cent. net). During the same period retail prices rose by 83 per cent. and average weekly earnings by 94 per cent.

The survey also shows that differentials between management grades were narrowing. Last year, managers one grade below managing director were earning 69 per cent. of their superior's salary, whereas the figure is now 73 per cent.

U.K. salary survey, Page 19

# New towns policy 'should be ended'

MOVING MASSES of people to new towns must be a thing of the past, Lord Sandford, president of the Council for Environmental Education, told an Institution of Civil Engineers meeting in London yesterday. The "crude and callous uprooting of whole communities" should not be tolerated.

Economic restraint, high energy costs and falling population were dominant factors affecting the future of Britain's cities. Further change must be more concerned with improving the character of what is already there.

# Cost of packaging rose by 2.4% in September

FINANCIAL TIMES REPORTER

Packaging costs rose by 2.4 per cent. in September, bringing the increase in the first nine months of this year to 9.04 per cent., the Eurofood-Siebert/Head Packaging Materials price index showed yesterday.

It was the biggest monthly rise this year, reflecting steep increases in the cost of packaging materials made of paper, board and glass. Corrugated packing cases, for example, were 11 per cent. dearer.

The biggest increases in the first nine months of this year have been in materials made from plastic. Plastic bags, wrappers and crates are now costing manufacturers 14.72 per cent. more than in January, while other plastic containers (bottles, jars, caps and closures) are costing 11.87 per cent. more.

The paper and board category is showing an increase of 9.81 per cent. on January, with much of the rise coming this month, while the cost of glass containers has risen by 8.74 per cent. since the beginning of the year.

The most stable sector currently seems to be metals, which have been static since April, when prices rose to 7.16 per cent. above their January level.

# Bus and Tube subsidy attacked

EVERY ADDITIONAL journey "bought" for London Transport on its buses and underground by Greater London Council's subsidy programme over the past four years has "cost the public purse" an average of 60p, Movement for London, a road-users' pressure group, claimed yesterday.

## CONTRACTS AND TENDERS

**THE LEISURE CENTRE HINCKLEY**

Offers are invited for the operation and management of this premier Leisure Centre which is due for completion in the spring of 1977.

Centrally situated and within easy reach of Coventry, Leicester, Nuneaton and the National Exhibition Centre, the Centre contains:

A Main Hall measuring 36.2m. x 32m., a Small Hall measuring 20.5m. x 16.5m., and 6 Squash Courts. Spectator accommodation for all these is provided by first floor galleries.

Water activities are catered for by:

| | |
|---|---|
| A Main Pool measuring depth | 25m. x 12.5m. .9m. - 2m. |
| A Learner Pool measuring depth | 12.5m. x 7.5m. .5m. - .8m. |
| A Diving Pool measuring with constant depth of | 12m. x 11m. 3.8m. |

Also planned at first floor level are a Sauna Suite, a Cafe Restaurant, two licensed Bars, Club and Committee rooms, and the usual offices.

The Centre is topped out at second floor level with:

| | |
|---|---|
| A Projectile Range measuring | 29m. x 12m. |
| A Weight Training Room measuring | 8.5m. x 4.75m. |

It is intended that the use of the Centre shall be restricted to leisure activities and any proposals must include the retention of the main and learner pools. Other than the, foregoing all the envisaged features are open to discussion and negotiation.

For further details and permission to view please contact M. C. Evans, General Manager, Housing and Public Services, Council Offices, Argents Mead, Hinckley, Leicestershire. Telephone 0455 38141 Ext. 228 before November 5th, 1976.

## EDUCATIONAL

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We wish to get in touch with a major factory or dressmaker's establishment interested in making trousers and/or skirts for us on a hire work basis. We are possibly interested in buying your trade-marked garments outright.
We are a well established Danish factory for skirts, dresses and trousers interested in expanding sales through our effective sales organisation for Denmark, Norway and Sweden. In case you are well-established and have a large capacity and competitive prices, please write Box F.469, Financial Times, 10, Cannon Street, EC4P 4BY.

## LEGAL NOTICES

No. 003494 of 1976

*In the* HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of RAYKEN DESIGN & CONSTRUCTION LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 20th day of October 1976, presented to the said Court by WILLS & PACKHAM LIMITED whose Registered Office is situate at Crown Quay Lane, Sittingbourne, Kent, Builders Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 22nd day of November 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2/3 Hind Court,
Fleet Street,
London EC4A 3DS.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 19th day of November 1976.

No. 003536 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of OSTRO LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 28th day of October 1976, presented to the said Court by MARLOW & CO. (BUILDER'S SUPPLIES) LIMITED whose registered office is situate at Marlow House, Hollow Road, Bury St. Edmunds in the County of Suffolk, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 29th day of November 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

COLLYER-BRISTOW & CO.,
4, Bedford Row,
London WC1R 4DF.
(Ref: R/15.GM).
Agents for: BIRKETTS,
23-28, Museum Street,
Ipswich IP1 1HZ.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 26th day of November 1976.

IN THE MATTER OF THE COMPANIES ACT, 1948
and
IN THE MATTER OF
BERKELEY (OVERSEAS) LIMITED
(In Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act, 1948, that a GENERAL MEETING of the MEMBERS of the above-named Company will be held at 33 Clifford's Inn, Fetter Lane, EC4 in the City of London on Tuesday, the 30th day of November, 1976 at 2.30 p.m. to be followed at 3.00 p.m. by a GENERAL MEETING of the CREDITORS for the purpose of receiving an account of the Liquidator's Acts and Dealings and the conduct of the Winding-Up to date.

Dated this 27th day of October, 1976.
R. E. FLOYD
Liquidator.

## COMPANY NOTICES

**BANQUE FRANCAISE DU COMMERCE EXTERIEUR**
U.S.$25,000,000
floating rate notes due 1983

In accordance with the provisions of the above notes, the rate of interest has been fixed at 6½% (six and a half per cent) per annum for the semi-annual period ending April 27, 1977. Interest due on such date will be payable upon surrender of Coupon No. 1.

BANQUE LAMBERT-LUXEMBOURG S.A.
Trustee

Dated: October 29, 1976

Notice to Holders of Bearer Depositary Receipts (BDR's) in
DAI NIPPON PRINTING CO., LTD.

We are pleased to confirm that copies of the Consolidated Financial Statements May 31, 1976 and 1975 of Dai Nippon Printing Co., Ltd., and Consolidated Subsidiaries are now available to BDR Holders upon application to the following conversion agents:

Citibank Branches in:
London Frankfurt
Brussels Amsterdam
Paris Milan
and in Luxembourg.
Banque Générale du Luxembourg
Citibank, N.A.
as Depositary.
October, 1976.

THE HIGHLAND DISTILLERIES COMPANY LIMITED

The TRANSFER BOOKS of the Company will be CLOSED from 13 November 1976 until 27 November 1976, both dates inclusive.

By Order of the Board.
R. D. OAKES.
Company Secretary.
106 West Nile Street,
Glasgow, G1 2QY.

LONDON BRICK COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the transfer books and register of ordinary stock will be closed on 22nd November, 1976.

By Order of the Board
H. D. HOWE, Secretary.
Registrars:—
The General Agency & Trust Limited,
Granby House,
95, Southwark Street,
LONDON, SE1 0JA.

JARDINE, MATHESON & CO. LIMITED
NOTICE

Notice to the Holders of outstanding warrants to subscribe for Stock Units of Jardine, Matheson and Co., Limited, issued by The Bank of Bermuda Limited, as Depositary, on November 15, 1971.

NOTICE IS HEREBY GIVEN, pursuant to clause 4(A) of the terms and conditions endorsed upon the warrants that:

1. On October 26, 1976, the Directors of Jardine, Matheson and Co., Limited, declared an Interim Dividend payable on December 20, 1976, to Stockholders on the register as at the close of business on November 22, 1976 of HK-0.18 per Stock Unit to be satisfied by the issue of new Stock Units at market value with an equivalent cash alternative at Stockholders' option.
   The Scrip Dividend may have a marginal effect on the warrant subscription price dependent upon the extent to which Stockholders elect to receive cash in lieu of the Scrip Dividend. The results of such election will be known about December 11, 1976, and if an adjustment to the warrant subscription price is required to be made, Warrant Holders will be notified accordingly in the usual way.
2. The "record date" will be November 5, 1976, the penultimate business day in Hong Kong before the closing of the Company's Register of Members. No Warrant Holder exercising his subscription rights after the record date will be entitled to participate in the Interim Dividend declared as above.

By Order of the Board.
K. W. YOUNG, Company Secretary.
Hong Kong, 28th October, 1976.

## PUBLIC NOTICES

EASTBOURNE B.C.

£425,000 Bills placed 27th October 1976 due 26th January 1977 at 14⁷⁄₁₆%. £425,000 Bills outstanding.

BEDFORDSHIRE COUNTY COUNCIL BILLS

£4m. Bills maturing on the 26th January, 1977 were offered and issued on the 27th October, 1976 at an average rate of discount of 14.464842%. The minimum rate accepted was 14.4375% and 50% of the Bills were allotted at that price. Applications totalled £35m. There are the only Bills outstanding.

## OFFSHORE OIL AND GAS REVIEW

BY RAY DAF

# Sorting out who pays the piper for Forties Field

AT LONG last British Petroleum, Shell and Esso have begun serious negotiations over the unitisation of the prolific Forties Field. Shell confirmed yesterday that one of the possibilities being considered was the appointment of a consultant who would decide how much of the field each company owned. If all goes well the issue could be settled sometime next summer.

It is often overlooked that a small proportion of the reservoir—perhaps 3 per cent. to 5 per cent.—lies in Shell/Esso's *block 22/6.*

Up to now BP, as the licensee on block 21/10 which contains the bulk of the field, has funded the entire development operation. According to the company, total development *costs will exceed £800m.; some* industry estimates suggest that inflation and other factors will take the figure considerably *higher.* For instance, one leading analyst reported this month that the total cost, including development drilling and terminal facilities, could be $1.66bn. which, when converted at current sterling rates, takes *the bill to over £1bn.*

On the other hand, Shell and Esso are not receiving any revenue from the field which came on stream in February last year. Forties is expected to be producing at the rate of 500,000 barrels a day by the third quarter next year, a peak rate which is 25 per cent. above original estimates. It is likely that this rate of production can be sustained through 1978 and 1979 falling slightly to perhaps 490,000 barrels a day in 1980 and 420,000 b/d in 1981.

When the unitisation matter is finally settled, Shell and Esso will probably pay their share of the development costs (presumably with interest) out of *revenue due to them.*

Mr. David Steel, BP's chairman, made it clear that the upgrading of production had not altered estimates of the Forties Field's recoverable reserves: 1.8bn. barrels. It is understood, however, that this figure is now based on recovering 45 per cent. of the 4bn. barrels assumed to be in place. Earlier reports suggested that BP was expecting only a 40 per cent. recovery factor from total reserves of 4.5bn.

It may be some time before a clear picture of the reservoir size and recovery characteristics emerge (although the early signs are encouraging). After all, only 18 of the planned 106 production wells are at present yielding oil. One of the four platforms, FD, has yet to be brought *on stream,* although drilling of its first production well could begin early next month.

As the field's development has gone so smoothly, at least when set against some of the other *ambitious North Sea ventures,* it is tempting to pitch the final recovery factor even higher. Although speculation is premature, it is not unreasonable to assume that eventually BP could use a third stage recovery technique. The injection of steam—the so-called "huff and puff" method—or carbon dioxide to stimulate the flow of crude are *two possibilities.*

The time is approaching when BP should be planning the development of its Magnus Feld. The Government and the offshore industry are hoping that a decision to proceed with the project will be taken next year. The field has estimated recoverable reserves of about 500m. barrels, although this figure is far from established.

The last well to be drilled on the structure, 211/12-4, did little to enhance the field's prospects. Apparently the well was disappointing; the fact that it was not tested indicates little, if anything, was found. However, it was a bold step-out well, drilled on the southern extremity of a fairly narrow field.

The fifth well on the block, *currently being drilled by Sedco* 703, is a true appraisal project which should give much more information about Magnus. As it is being drilled in the centre of the structure it would be surprising, and extremely disappointing, if this well proved to be fruitless.

Indeed, the siting of 211/12-4 has given rise to industry speculation that BP is trying to ascertain the most suitable location for a platform assuming a fixed structure is chosen. At this stage such an assumption is dangerous—no possible development method—whether it be a floating tethered, fixed or subsea system—has yet been discounted.

*The offshore industry is picking up signs that Shell has* started in earnest planning for the development of the Cormorant Field extension. The Shell/Esso group has already indicated that it hopes to order a platform next year.

Such an order could inject life into the Government-owned *concrete platform construction* site at Portavadie on Scotland's Loch Fyne. For some months Mowlem Taywood has been considering the use of the site as a manufacturing base for an Anglo/Norwegian Condeep *platform venture.* Shell and Esso are well acquainted with the Condeep structures; two have been built for their Brent Field which is due to start producing within the next month or so. These platforms were built in Norway, however. In view of the depressed state of the U.K. platform industry it is unlikely that the Government will allow a *Cormorant Extesion platform* to be built abroad unless there are very good reasons.

The arrival off the Scottish coast of the three-legged jack-up rig Penrod 67 this week has caused more than a ripple of interest in the offshore industry. For the rig has been brought from Dutch waters to drill a second well on Mesa's find in block 11/30.

The Moray Firth field, lying in only 148 feet of water a mere 12 miles, appears to be the most exciting prospect in this current round of drilling. Possible recoverable reserves of 500m. barrels, as mentioned in this column on September 17, still seems a reasonable estimate, given the information available to date. Certainly there are some red faces in the exploration departments of *major* oil companies where that area of the Moray Firth had been virtually dismissed as unproductive. More should be known after the Mesa group has completed its second and third wells, however.

There must also have been some red faces in Gulf following the discovery of oil on block N7/12 in the Norwegian sector. The Gulf/National Coal Board group once relinquished Irish Sea concessions as having *little* commercial potential only to find British Gas becoming excited about a big gas field in the area. Gulf also relinquished its interest in block N7/12.

If Mowlem Taywood, the U.K. licensees for the Condeep design, opt for the use of Portavadie it will first have to come to an agreement with the Government and Sea Platform Constructors, the facilities' present occupiers.

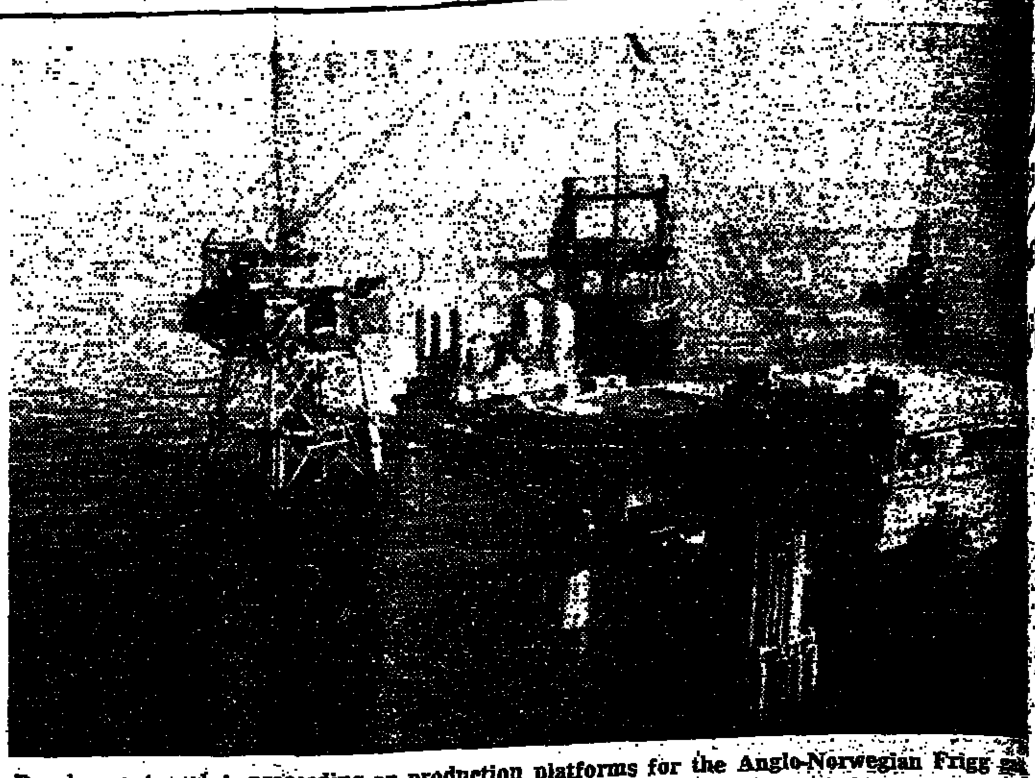
*Shell* is saying nothing of its platform ordering plans. It is also remaining tight lipped about the results of its exploration well on block 14/23. The secrecy is understandable; the block lies near other blocks in quadrants 14 which are being offered in the fifth round of licences. Along with many other companies the Shell/Esso group is almost certain to be an applicant for at least a couple of the quadrant 14 concessions. BP has been similarly coy about the recent drilling on block 20/10.

But it seems that BP has been at least partially successful with its gas exploration on block 42/30, to the north-west of the West Sole Field. The rig Key Gibraltar has been involved in a testing programme this week. This indicates that at least something worth *testing* has been found.

A second well on the block drilled by the Continental Oil BP/Pelican Group partners found oil within a mile of the spot chosen by Gulf and its partners. Brokers Gilbert Elliott reports that the first well must have been terminated less than 150 feet short of the oil bearing layer.

The total depth of the second successful well was 12,060 feet. During the testing it produced 7,100 barrels of oil and 119,000 cubic metres of gas per day. The farm-in arrangement means that eventually BP Development of Norway becomes operator of the group with a 57.5 per cent. stake. Conoco Norway will have a 25 per cent interest, Pelican will have 5 per cent. and Statoil 12.5 per cent.

The change-over should come shortly. Drilling on block N16/8, another block affected by the licence change, is virtually complete. It is understood that the well reached total depth this week. Once the well on N16/8 has been completed BP will be in a position to assume its dominant role in the consortium.



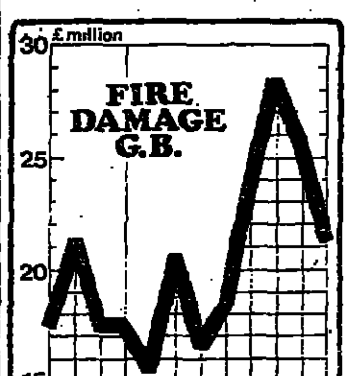
*Development work is proceeding on production platforms for the Anglo-Norwegian Frigg gas field.*

### OIL RIG MOVEMENTS

| GROUP | RIG | BLOCK | GROUP | RIG | BLOCK |
|---|---|---|---|---|---|
| Amoco | Sedco 135G | 211/27-7 | Phillips | Ocean Rover | 15/27-2 |
| BP | *Key Gibraltar* | 42/30-1 | Phillips | Western Pacesetter | 16/17-2 |
| BP | Sedco 703 | 211/12-5 | Premier | Ocean Voyager | 29/8b |
| Burmah | Borgny Dolphin | 211/18-13a | Shell | Stadrill | 211/29-7 |
| Conoco | Dundee Kingsnorth | 3/7-2 | Shell | Sedco 700 | 211/13-4 |
| Conoco | Venture 1 | 9/19 | Shell | Chris Chenery | 3/12-1 |
| Mesa | Penrod 67 | 11/30-2 | Sun | Penrod 71 | 211/22-1 |
| Occidental | Bredford Dolphin | 15/17 | Total | Pentagone 84 | 3/25a |
| Pan Ocean | Odin Drill | 16/7-6 | Transworld | Pentagone 82 | 21/1-4 |
| Pan Ocean | Atlantic 1 | 16/7-5 | Transworld | Sedneth 701 | 21/1-5 |
| | | | Zapex | Sinbad | 21/2 |
| | | | Hydrocarbons | Drillmaster | 106/2 |

# Fires caused £21.2m. damage in a month

BY ERIC SHORT




Fires continued to do a great deal of damage in September, according to figures yesterday from the British Insurance Association. The estimated cost, at £21.2m., was £4.6m. lower than in August, but up by the same amount on 12 months before.

Total fire damage in the first nine months of this year was 20 per cent. higher than in the corresponding period last year, at £188m., against £156.4m.

The summer drought has not noticeably affected the association's overall damage figure, since the costs of heathland and woodland fires have not been included. The amount of damage they did could not be estimated with any accuracy.

The largest fire in September was at a Midlands electrical company, where damage estimated at £4m. was caused.

The fire at British Aluminium Invergordon smelter cost an estimated £2m. There were 24 other fires which cost between £100,000 and £1m. each. At places used by the public such as shops and schools there were 27 fires during the month and 12 in private dwellings where damage was in excess of £25,000.

## BANK RETURN

| — | Wednesday Oct. 27, 1976 | Inc. (+) or Dec. (—) for week |
|---|---|---|
| **BANKING DEPARTMENT** | | |
| LIABILITIES | £ | £ |
| Capital | 14,553,000 | — |
| Public Deposits | 19,836,665 | — 9,956,51 |
| Special Deposits | 1,411,140,000 | — |
| Bankers | 377,191,922 | — 7,335,776 |
| Reserves & Other Accts | 452,850,928 | + 31,162,671 |
| | 2,275,852,341 | + 22,833,244 |
| ASSETS | | |
| Govt. Securities | 1,7[illegible]9,830,995 | + 50,640,000 |
| Advances & Other Accts | 411,661,022 | — 14,997,825 |
| Premises, Equip't & other Secs | 36,642,071 | + 7,553 |
| Notes | 18,982,451 | + 7,144,290 |
| Coin | 828,804 | — 11,574 |
| | 2,275,852,341 | + 22,833,244 |
| **ISSUE DEPARTMENT** | | |
| LIABILITIES | £ | £ |
| Notes Issued | 7,650,000,000 | + 25,000,000 |
| In Circulation | 7,631,017,549 | + 17,855,710 |
| In Bank'g Dept | 18,982,451 | + 7,144,290 |
| ASSETS | | |
| Govt. Debt | 11,015,100 | — |
| Other Govt. Secs | 6,991,307,630 | — 1,656,636 |
| Other Securities | 647,677,270 | + 26,656,636 |
| | 7,650,000,000 | + 25,000,000 |

# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

## Getting the best out of coal

PLANS FOR the construction of a fluidised bed combustion test facility close to the Grimethorpe power station in Yorkshire were announced yesterday by the National Coal Board.

Construction is expected to start next year and be completed in 1978 when it will mark the first stage of a £13m. project which is being financed by the U.K., U.S. and West Germany in equal proportions.

This first stage will cost over £7m. and will enable research and development to go ahead up to full commercial exploitation, especially for power generation.

The project team will be working as part of NCB (IEA Services) a subsidiary company of the NCB set up to manage this work.

The National Coal Board has been developing the fluidised bed combustion process since the mid-1960s. The process provides higher heat release rates at lower temperatures than in other coal combustion systems and a very important spin-off is that smaller and cheaper boilers can be used.

*It was pointed out yesterday* that a second stage in the development could be to pressurise the combustor up to about ten times atmospheric pressure and use the hot pressurised exhaust gases to drive a gas turbine in parallel with a conventional steam turbine.

Such combined cycles, it was added, have a potential overall generating efficiency approaching 50 per cent. which compares with 36 per cent. the best achievable in conventional power stations, whatever their fuel.

It was decided to site the research facilities at Grimethorpe in the centre of a coal field so that it could be run in conjunction with the power station there to provide actual operating experience and justification for the next stage, which will be scale-up to a full power station operation.

● HANDLING

## Pedestrian controlled stacker

TWO TONNES can be lifted by the latest truck in the Crown range of heavy duty pedestrian controlled stackers. It offers lift heights up to 210 inches and a variety of straddle widths and fork lengths to suit the application.

Manoeuvrability and narrow-aisle performance are features of this 24v battery-powered truck—stacking of standard 48 inch x inch pallets can be carried out in a 6 foot aisle.

The control handle, itself a deadman brake, houses the twist-grip accelerator for three speeds forward and reverse, the horn, raise and lower bars, safety reverse button, high-speed cut-out switch for operation in congested areas, and a key to prevent unauthorised use. A separate lever gives infinite adjustment of raise and lower speeds.

Details from Crown Controls, Armadale Road, Feltham, Middx. TW14 0LR. (01-890 0191).

Double-sided plain paper reproductions of documents, photographs and other types of original material can be produced on this machine just put on the market by Oyez Reprographics of Vale Road, Tonbridge, Kent TN9 1XU. Sizes up to 364 by 257 mm. can be reproduced. The machine is supplied with a trolley-cabinet which provides both storage and mobility.

● PRINTING

## Simplified plates for offset

IN-HOUSE print departments can make offset masters on a standard electronic stencil cutter with a new process developed by Roneo Vickers.

Lithoscan offset masters as the new plates are called, will produce tone, or combination tone and line, and are capable of four-colour separation. No screen is required.

Plates can be produced in under two minutes, depending on the nature and size of the original. *Plate size is 254 by 281 mm.* and the masters will fit the great majority of table-top offset machines, says the maker.

Masters are available in boxes of 50 (average cost 45p each plate), and normal run length is up to 1,000 copies. Details from Roneo Vickers, Lansdowne Road, Croydon CR9 2HA (01-686 4333).

● AGRICULTURE

## Spreads the fertiliser

DESIGNED FOR the application of chemical sprays and liquid fertilisers, a trailer mounted sprayer has been launched by E. Allman and Company, Birdham Road, Chichester, Sussex (0243 512511).

There is a choice of five pumps, three types of wheels, normal or Hi-Clear axles, and two booms. There are also optional extras, such as a boom lifting winch and chemical self-filler.

*Among other features are* improved boom flotation, using compressed rubber instead of springs to reduce boom bounce and minimise shock load on the sprayer; diaphragm check valves at each nozzle to reduce drip; and extended back frame to allow high clearance full crop application—aphid control in cereals for example. Filtration equipment is of stainless steel.

Prices range from £1,400 for a machine with a 33-foot boom, Rollervane pump, and 10.5 x 15 flotation tyres, to £2,100 for a model fitted with a centrifugal pump and direct self-filler.

● COMPUTING

## Terminal for NC tape preparation

LATEST VERSION of the Model 301/EIA keyboard printer terminal from Transdata is being used for NC tape preparation. It provides conversion from EIA (the American Electrical Industries Association) punched paper tape code to ISO code and vice versa.

The company claims this facility substantially reduces the *time taken to program* and punch an NC tape, because it provides greater flexibility and economy. As it converts electronically from and to both codes, NC tapes may be prepared in either ISO or EIA and converted as required either for on-line time-sharing work or for use on the NC machine tool.

Some of the new terminals have been supplied to Posidata, the Basingstoke company which makes controls and interfaces for NC machine tools.

Both companies believe that NC can be profitably adopted by *large and small engineering companies*, because of the resulting increase in productivity and versatility.

Details from Transdata, Solent Road, Havant, Hants. (07012 6556).

## Controller of network

TSI International is bringing out its "fourth generation" of telecommunications support software under the name Task/Master II.

Software conversion aids for users of IBM's CICS package are provided and the new release imposed no burden on users of the previous version.

*Notable among* Task/Master II's capabilities is the support of a totally decentralized network of processors. It can operate in a host processor, a locally-attached front-end processor, or a remote satellite processor. Application program construction is the same *whether the package is operating* in a host or satellite processor, thus permitting work to be performed at every level and against distributed databases. A complete inter-processor queuing mechanism and command language is provided to simplify distributed network design.

TSI International, 19 Bedford Row, London WC1R 4EB. 01-405 7304.

● PLASTICS

## Sets hard and fast

RIGID POLYMERS can be produced in less than one minute and can be fabricated into parts weighing up to 100 kg with thicknesses up to 15 cm.

This is the main claim made by Dow Chemical for its Instant Set Polymer (ISP) which is formed when an isocyanate and a polyol are pumped into a mould together with a catalyst.

The raw materials polymerise rapidly and exothermically, says Dow, the heat of the reaction being absorbed by an organic modifier which prevents thermal degradation of the plastic.

Moulding takes place at almost ambient temperature and thus demands much less energy than conventional injection moulding materials. Heavy section moulding is possible in very short cycles.

The material can be easily machined and most of the applications to date have been in corrosive environments. Typical applications proposed by Dow are in rods, bars and plates, gaskets, rollers and wheels and in electrical components.

The technology and materials needed to produce ISP parts are offered on a licensing basis and that includes a *U.S.$10,000* initial fee.

Further information is available from the company at Heathrow House, Bath Road, Hounslow, Middx. TW5 9QY.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● ELECTRONICS

## Service for micro users

A CONSULTANCY service for microprocessor users has been set up by RCA Service Division in conjunction with RCA Solid State Europe.

The new organisation will be known as RCA Microprocessor System Services and will offer aid in the design and commissioning of complex control systems.

For some time, RCA Solid State has marketed its COSMAC CDP 1800 Series of microprocessors in conjunction with a series of hardware, software and application aids designed to assist the user in applying the microprocessor system to his own needs.

With the advent of the CDP 1802 single-chip microprocessor and the big growth predicted for this type of system into widely differing industrial applications, RCA says the time has come to offer the prospective user a full *consultancy service, covering all* aspects from the initial design concept through prototyping, program writing, etc., up to prototype manufacture and installation.

It is stated that it will be possible to observe confidentiality and to carry maintenance of hardware. Although the activities of the new service are not necessarily limited to RCA's own microprocessor products it is expected that most of the initial effort will be devoted to applications of the CDP 1800 series.

The service will be available direct from RCA or through RCA Solid State's U.K. distributors and more information can be obtained from RCA Solid State-Europe, Sunbury-on-Thames, Middlesex TW16 7HW.

● SAFETY

## Personal oxygen monitor

SEWER MEN, and those working in boiler rooms, power stations, and ships, or with inert gas flushing systems or welding equipment, can carry the E14 Oxylarm from Draeger Safety in their breast pockets or on a belt to give an instant warning of a change in atmospheric oxygen level.

The instrument, which weighs 0.45 kg, and measures 160 x 65 x 30 mm, has a meter displaying 18 to 24 per cent. oxygen (zero level is normally 21 per cent.). Oxygen flooding or deficiency is indicated by an audible alarm. Speed of response is stated to be less than one second for a 10 per cent. change in oxygen concentration: the range required can be preset.

The unit operates from a polarographic cell, and incorporates an on/off switch which cuts out power to the main circuitry of the instrument but allows a very small current to energise the cell, ensuring constant stability and negligible warm-up time. *Price is about £130.*

Switched off, the unit has a life of at least six months, and in continuous use will last six weeks. The alarm circuit will operate for 12 hours continuously. The alarm will also sound if the cell or the battery are nearing the end of their useful life.

More from Draeger Safety, Sunnyside Road, Chesham, Bucks., HP5 2AR (02405 74481).

● INSTRUMENTS

## Electrically conductive adhesives

*THREE SILVER filled* electrically conductive adhesives for the electronics industry have been developed by Demetron, of Hanau, West Germany, a Degussa subsidiary.

With silver contents of between 70 and 84 per cent., all three are said to have good electrical and mechanical properties. They are an epoxy adhesive and a silicone adhesive, both one-component systems, and a two-component epoxy adhesive. Operating temperatures range from 150 to 200 degrees C.

The adhesives are applied with spatula or syringe, and the silicone adhesive can also be used in screen printing, with a dropper, or, when diluted, with a brush.

Suggested applications include bonding components on printed circuits, for mounting transistors, diodes and ICs on substrates for the electrically and thermally-conductive sealing of housings, and for making electrical connections.

Details from Degussa, Postfach 2644, D 6000 Frankfurt am Main 1.

● COMPONENTS

## Trends in electronics industry

NEARING completion is a major study of what could be called a "*survival package*" *for the elec*tronic component industries of Europe and in particular that of West Germany.

The global study gives primary emphasis to Western Europe but also covers the U.S. and Japan.

It was commissioned by the Federal Republic of Germany *and is supported by the Govern*ments of France, the Netherlands and the U.K. as well as the European Commission.

The two main aims of the survey are to provide a ten-year forecast of trends in technology, *products and markets for both* integrated circuits and optoelectronic displays. An analysis is made of the strategic factors and conditions necessary for the emergence of a successful European semi-conductor capability.

The final report on the study will be made in Bonn in December this year. It will serve both *as a detailed forecast and as a* guide for the development of strategy within the Governments sponsoring the study, acting either singly or in co-operation with each other, in the assessment of the present situation and prospects of the European semiconductor industry and in the analysis of necessary steps to increase the probability of success.

Domination of European markets by American manufacturers of large scale integration (LSI) circuits and optoelectronic displays, and the generally unsuccessful competitive position of the European semiconductor industry regarding state-of-the-art devices, a position which deteriorates with each new wave of innovation, has been a source of increasing concern not only to the indigenous West European semiconductor companies themselves but also to the major West European Governments. For this reason, various programmes of governmental support for the national semiconductor industries in Europe have operated for a number of years, although to date without any significant degree of success.

But the various Governments have realised that the electronics component market is one into which they can go on pouring money for no tangible result because of the way the industry has organised itself between innovation in the U.S. and manufacture in low-cost wage areas—the offshore operations of the Far East and Latin America.

The report, primarily for West German initiatives, will *contain a detailed examination* of the technology and product trends over the complete range of current and future products in integrated circuits (ICS) and optoelectronic displays (OEDs). There also will be an analysis and forecast of the trend of all major economic influences that affect the production costs of ICs and OEDs.

Predictions will be made for semiconductor markets in all the important application areas for the major West European countries, West Europe as a whole, *the U.S and Japan* and the world as a whole for the next ten years. Basic factors which *influence the success or* failure of semiconductor companies in general, and in Europe in particular, will be studied.

Ideas for strategies which are likely to improve the performance of European semiconductor *operations either on a national,* or West European basis, will be presented.

Mackintosh Consultants, Flemington Road, Queensway, Glenrothes, Fife KY7 5QL. Glenrothes 753671



## Fast-acting gear for pipelines

PATENTED fast-action pipeline isolation valve equipment and a quick-coupling for flexible pipelines are being marketed by Marine Ventures, 1 Maddox Street, London, W.1.

Developed in France by Onis Engineering, both have particular application in the petrochemical and refining indsutries as well as in general marine and industrial applications.

The Onis isolator valve is a fast-action manual or motorised device that is opened or closed rapidly, simply by operating a spectaclepiece slide valve. One "eye" of the spectacle being blind, secure isolation is obtained rapidly.

The unit is produced in a wide range of sizes and materials and can be incorporated into any pipeline complex to control *transfer, mix or regulate pressure* of liquids and powders, while still acting in its prime function as a "fail-safe" back-up to conventional control.

The quick coupling is for use with flexible pipelines, and is also a single-lever operated device providing automatic alignment of both flange faces and seals, and a one-handed single lever movement to tighten or release the couple. Coupling of flexible piping thus becomes a one-man operation.

Pressures of up to 60 bars can be coped with. The device is *produced in a variety of materials* to suit pipe diameters from 25.4mm (1 inch) to 254mm (10 inches) with a choice of gasket materials.

The company is on 01-439 9587.

PARLIAMENT

## COMMONS ERUPTS AT PRESENCE OF RUSSIAN OFFICIAL

BY JOHN HUNT

THE visit of Mr. Boris Ponomarev, head of the International Department of the Soviet Central Committee, provoked furious scenes yesterday with Mrs. Margaret Thatcher, leader of the Opposition, condemning it as a major diplomatic blunder which would be used as Russian propaganda in every Iron Curtain country.

But for the Prime Minister it came as an unexpected blessing in disguise. For the first time in weeks he was able to get through Question Time without a single reference to the sinking pound and the state of the economy.

According to Mr. Peter Blaker (C., Blackpool S.) the Russian visitor was an accessory to the slaughter of millions of his own countrymen and was now masterminding the destruction of British liberties. At first, Mr. Callaghan showed no signs that he intended to answer the question. He remained seated as the Tories bayed at him and demanded that he get to his feet.

It was obvious, however, that a canny politician like Mr. Callaghan was not reluctant to spin out a row over a visitor from distant parts if that meant that he could duck awkward questions on the home front.

There were chants of "True, true" from the Tories as he mildly observed that their insulting words would not help relations between Britain and the Soviet Union.

Watching the uproar from the visitors' gallery was Mr. Ponomarev himself, seated with a row of grey-suited cohorts. This gave Mr. Nicholas Ridley (C., Cirencester and Tewkesbury) the opportunity to raise the cry of "I spy strangers" the traditional way of clearing visitors from the House as a means of protest.

As members trooped out to vote on this motion Mr. Greville Janner (Lab., Leicester W.) intervened by placing a skull cap on his head and asking Mr. Ridley to withdraw the motion. He was observing the rule that a member must cover his head in order to intervene once a division has started.

Mr. Janner argued that the Russian should be allowed to remain in the gallery if only to see how democracy worked. Unfortunately, Mr. Ponomarev and his colleagues chose this moment to stalk out, presumably in complete bewilderment at the esoteric antics in the chamber.

Throughout the row Mr. Callaghan maintained that British Governments, Tory and Labour, had always been prepared to meet representatives of foreign powers whatever they might think of their policies and methods.

It was soon shown that the Conservative leadership and many of the rank and file privately accepted Mr. Callaghan's view, whatever they might say across the floor of the House.

The Conservative Front Bench abstained from supporting Mr. Ridley's motion and it was defeated by a majority of 112 (80-192). The figure showed that less than a third of Tory MPs were prepared to support the hardliners in the party.

The result certainly seemed to give satisfaction to Mr. Callaghan. As he left the chamber he jauntily observed to his colleagues: "Well, at least we won't have a war with Russia."

# Labour victory on aid to industry

By Justin Long, Parliamentary Correspondent

THE GOVERNMENT last night overrode Opposition warnings of confusion and difficulties in the way of Parliamentary supervision over the proposed increased provision for the State aid of industry.

Tory protests that public money, spent through a variety of channels, would not be properly monitored were rejected by a Government majority of 17 (212-195) during debate in the Commons on the Industry (Amendment) Bill.

The Bill increases from £650m. to £1.6bn. the limit on the power of the Government to provide financial assistance to industry.

From the Opposition Front Bench, Mr. Michael Grylls contended that Industry Act money could be "force-fed" to the National Enterprise Board and to NEB-owned companies as the Bill stood. The Government would be enabled to syphon more funds into the NEB with scant control from the Commons.

### Feeding

The Tories suspected that the Government was using a procedure that would excuse the use of State funds for non-viable projects.

Labour MPs made clear their own suspicion—that the Tory amendments were prompted by their hostility to the NEB.

Mr. Tom King, for the Opposition, repudiated the idea that the changes sought from his side of the House were concerned with the arguments about whether or not there should be an NEB.

"Our argument is simply this: you have an NEB. The NEB has funds. You have funds under the Industry Act. And we object to the confusion of different sources of funds which are being crossed over in this way—making it more difficult to decide just where the funds are going and what developments they are going to generate."

There would inevitably be a duplication of the monitoring of the provision of the funds, Mr. King maintained.

But Mr. Bob Cryer, the newly appointed Under Secretary for Industry, assured MPs that the Bill would not give any real advantage to the NEB. "There is no intention of simply feeding the NEB with Section 8 money, the relevant section of the Industry Act," said Mr. Cryer.

He accused the Opposition of being prepared to grant discretionary powers to the Government to help entirely privately-owned firms, but not in the case of firms wholly or partly owned by the NEB.

"The NEB is a vital part of the Government's strategy," said the Minister. "We want it to succeed and we do not want it restricted or to have the Industry Secretary restricted in his application of legislation."

The Tories then took their protest to a division.

# Diplomatic blunder—Thatcher

THE COMMONS drama happened after Tories erupted into fury at the presence in the Chamber and the gallery of the House of Commons of Mr. Boris Ponomarev.

Mr. Nicholas Ridley drew the attention of the Speaker to the presence of a man who, he said beheld "free Parliament with contempt."

Almost the whole of Prime Minister's question time had been devoted to the issue—and it saw some bitter exchanges between Mrs. Margaret Thatcher and Mr. James Callaghan.

The climax of the Commons row came when the Prime Minister said that we had both trade and political connections with the Soviet Union and it was the Government's judgment that these should be strengthened.

If the Opposition wanted to take the view it did, it had better make it clear.

Tories roared with approval when Mrs. Thatcher declared: "What you do as Leader of the Labour Party in your desire to support the invitation of your own Left is not a matter for us.

"But what you do as Prime Minister of Great Britain is a matter for us."

A rousing chorus of cheers greeted her assertion: "I condemn your decision to invite him to see you and to receive him—totally."

Propaganda use would be made of this visit in every Iron Curtain country, Mrs. Thatcher went on.

"It is a major diplomatic blunder and a particularly insensitive decision to receive him during the week of the 20th anniversary of the Hungarian uprising."

Mr. Callaghan countered: "You are wrong in almost every respect," but a Tory backbencher shouted: "She speaks for Britain."

Mr. Callaghan continued to Mrs. Thatcher: "If you are enunciating the doctrine that if you ever become Prime Minister you never intend to meet a member of the Politburo, you had better make it clear now."

Leonard Burt

Mr. Len Murray drinks a toast with Mr. Boris Ponomarev at a TUC reception after the Russian official's Parliamentary visit.

Mrs. Thatcher remained in her place and Labour MPs jeered and mocked her to answer, shouting "Come on Maggie."

Earlier Mr. Peter Blaker (C., Blackpool S.) said that the Russian was "an accessory to the slaughter of millions of his countrymen."

Against a background of Tory shouts of support, Mr. Blaker said: "Mr. Ponomarev's present job is to mastermind the destruction of our own liberties."

He asked the Prime Minister: "Why has he been invited here by your party and why have you received him."

Mr. Callaghan remained in his seat and Tories shouted, saved their arms and jeered: "Answer, answer."

Mr. Callaghan finally stood up and commented: "I just wanted to give you the chance to have . . ."

A Tory retorted: "It hasn't started yet."

Mr. Callaghan was constantly interrupted—and as he began with: "insulting words . . ." Tories chorused: "The truth, the truth."

When he could make himself heard Mr. Callaghan said Conservatives were using "insulting words" which do not make for good relations between us and a very powerful country which is of great importance to Western Europe."

Amid shouts of "which side are you on?" from Conservatives, the Prime Minister said Britain's attitude should be in the words of Sir Winston Churchill—"jaw, jaw is better than war, war."

Left-winger Mr. Eric Heffer (Lab., Walton) condemned much of the Press comment over this visit as "extremely misguided." This was greeted with Opposition jeers.

Mr. Heffer said that the National Executive of the Labour Party would have objected had a colleague, Mr. Ian Mikardo (Bethnal Green and Bow), a Jew and a Zionist, been refused admission to the Soviet Union.

This provoked an angry scene in which Mr. Neville Sandelson (Lab., Hayes and Harlington) whose seat in Parliament is threatened by local constituency Left-wingers, jumped up and pointed his finger accusingly at Mr. Heffer.

The Speaker, Mr. George Thomas, had to call for order several times, before Mr. Callaghan rose to speak.

As the Commons exchanges continued Mr. Greville Janner (Lab., Leicester West), who is a leading member of the Board of Deputies of British Jews, condemned the arguments about whether the delegation should come as "sterile."

"The decision should be taken not to abuse them, but to condemn their abuse of minorities in the Soviet Union, and the imprisonment of Jewish people last week."

Mr. Callaghan replied that both he and Mr. Wilson had used opportunities to make their views known to the Russians. "The Opposition are making making asses of themselves," he said.

Mrs. Thatcher asked Mr. Callaghan if he thought "soft soothing words" would have any effect—especially inthe light of the Prime Minister's threat to withdraw the British Army on the Rhine.

Mr. Callaghan replied angrily that she was misrepresenting what he had said, and misunderstanding the situation over representations to the Russians.

These matters were best conducted privately—they had an impact.

He told Mr. Max Madden (Lab., Sowerby), who accused the Tories of hypocrisy over the Russian visit, that it was "not hypocrisy, just total naivety."

# 'Net closing on Provos as revolt against violence continues'

A GROWING number of Provisional IRA were being caught redhanded, Mr. Roy Mason, the Northern Ireland Secretary, told the Commons. He said: "The greater efficiency of the security forces and the people's revulsion from violence, is closing the net on terrorists. They know they cannot win."

Attacks by the Provisionals on the security forces during the past three months had led to the death of three policemen and four soldiers.

Twenty-four persons had been killed by sectarian gangsters from both communities.

So far this year, 1,037 people had been charged with murder, 89 with attempted murder.

Mr. Mason went on: "The police and Army perform their difficult and onerous task with skill, bravery, tact and compassion that could not be equalled by forces anywhere else in the world."

Mr. Ian Gow (C., Eastbourne) urged the Government to acknowledge that "serious damage" was done by the former policy of talking with representatives of the terrorists. He called for an undertaking that it would not be repeated.

Mr. Mason said there had been no talks for some months and none pending but added that he would not use the phrase "never again."

Mr. Bryan Gould (Lab., Southampton Test) said that the law governing compensation for criminal injury was in need of urgent review. Compensation received by soldiers' widows was inadequate. Mr. Mason assured him that this was under review

Mr. Airey Neave, Tory Northern Ireland spokesman, asked for steps to be taken against senior terrorists in Northern Ireland who were still walking around scott free.

Mr. Mason said he was looking at that. He hoped it would be possible to use the law to put these senior criminals behind bars.

Replying to Mr. Cyril Townsend (C., Bexleyheath) Mr. Mason, rejected a request to take an independent political initiative or step up the level of activity of the security forces.

Mr. Mason said: "There is no change in our position. Northern Ireland is part of the United Kingdom unless a majority of the population want this changed."

Our Belfast Correspondent writes: Figures released by the Northern Ireland Office yesterday show that in the third quarter of this year, from July to September, bombings and shootings increased and Army successes were fewer.

The figures also show that 333 people died in the first nine months of 1976, more than in any full year since 1972.

More bombs went off between July and September and Army experts defused fewer than in the previous two quarters. The amount of explosives found by the Army fell drastically from 11,154 lbs in the first quarter to 2,849 in the third.

On a more encouraging note there has been a steady, if small, decrease since the beginning of the year in the numbers of people being killed, despite increasing terrorist activity.

Fewer guns were uncovered by soldiers between July and September than in the previous quarter but Army sources maintain that this does not indicate a slacking of military activity. Rather, they say, it shows that terrorist supplies are drying up.

However, this general view does not tally with the increased number of shootings and bombings. More than 600 bombs exploded in the first inen months of the year compared to 399 during the whole of 1975.

The statistics bear out to some degree the claim that the Royal Ulster Constabulary is having increasing success in bringing terrorists before the courts.

More than 340 people were charged with what the Government called security type offences in the third quarter of the year, compared with 294 in the first and 289 in the second. Of those charged in the third quarter, 22 wer for murder and 33 for attempted murder.

# Lords say extra time not enough

LESS than an hour after the Government had announced a week's extension of the Parliamentary session to clear the log-jam of controversial Bills, Opposition peers warned yesterday that they could still not guarantee completion of business.

Peers, who on Tuesday carried a motion protesting at the work-load forced on them, described as "unrealistic" hopes that the concession would give them enough time to do their revising job properly.

But Baroness Llewellyn-Davies, Government chief whip in the Lords, insisted that it was the Government's "firm intention" to complete its legislative programme.

Earlier, in the Commons, Home Secretary Mr. Merlyn Rees, standing in for Leader of the House, Mr. Michael Foot, had said the State opening of the new session was to be delayed until November 24.

Lord Byers, Liberal Leader, said that the Government should drop one, or possibly two, of its major measures if more time was not to be allowed.

Lord Carrington, Tory Leader, said he had no idea whether the extra week would be long enough to complete the "enormous backlog of business."



# Mason repudiates Carter's Ulster view

BY OUR PARLIAMENTARY CORRESPONDENT

IN MAKING his Question Time debut in the Commons yesterday as Secretary of State for Northern Ireland, Mr. Roy Mason took an early opportunity to repudiate the view expressed by Mr. Jimmy Carter, the Democratic Presidential candidate, that the U.S. Government should not stand idly by in the face of the situation in Ulster.

The issue was raised in strongly senorious terms by Mr. Philip Goodhart (C. Beckenham) who condemned "the calamitous remarks" made by Mr. Carter in the heat of the American Presidential election campaign which, he said, were likely to encourage the men of violence and to lead to increased bloodshed in Northern Ireland.

Choosing his words with studied care Mr. Mason replied that it was very dangerous for anyone, irrespective of who be or she might be, to make comments which might give aid and succour to the Provisional IRA.

"The person concerned" he went to "is a candidate in the election and is not present. The present administration of the U.S. has always recognised the special problem of Northern Ireland and that it is a domestic matter for this country."

Our Belfast correspondent writes: The Vanguard Unionist Party said: "We hope Mr. Carter will not become another Edward Kennedy by interfering in the internal affairs of the U.K."

Mr. James Molyneaux, leader of the Unionist MPs at Westminster, said the irresponsible opportunism of "this peanut politician" had undone much of the success in stopping arms supplies from IRA sympathisers in the U.S.

Ulster politicians studying Mr. Carter's address to the Irish National Caucus in Pittsburgh have found relatively little to react to.

Mr. Carter, in effect, said the U.S. should not stand idle, that the Democratic Party understood the special problems in Ireland, and that he had talked to Cardinal Cooke of New York about the need to establish a commission on international peace.

Mr. Paddy Devlin, a leading member of the mainly Roman Catholic Social Democratic and Labour Party said he had great suspicions about those who raised the Irish issue in American elections because when elected they never did anything.

The moderate Alliance Party said it would be regrettable if the Ulster tragedy were to become a vote catching pawn in the Presidential elections.

# Hooson appointed director of Tory communications

BY RICHARD EVANS, LOBBY EDITOR

THE NEW director of communications in the Conservative Party, a key post that will involve helping to plan strategy for the next general election, is to be Mr. Tom Hooson, a senior vice-president and former director of European operations of Benton and Bowles, the advertising agency.

Mr. Hooson, who will take up his position full time on January 1 next, will be the party's senior executive in the field of communications, which covers public relations and publicity as well as forward planning. He will report directly to Lord Thorneycroft, the party chairman, and will have direct access to Mrs. Margaret Thatcher, the Tory leader.

Mr. Hooson is 43, a former chairman of the Bow Group and a former Conservative Parliamentary candidate. He fills a vacancy created when Mr. Alec Todd left Conservative central office to take a senior public relations post with ICI.

# Select Committee motion on corruption next week

MPs WILL decide on Monday what to do about allegations stemming from the Observer claim that Members had not been prosecuted because of the rule preventing criminal bribery and corruption charges against MPs while carrying out their Parliamentary duties.

Announcing next week's business, Mr. Merlyn Rees, the Home Secretary, acting for Mr. Michael Foot, Leader of the Commons, who is still ill, said the Government would be tabling a motion to appoint a Select Committee to investigate.

● MPs will be given a chance to vote next week on Home Office plans for massive increases in the cost of gun-licences.

Government proposals to increase the cost of firearms certificates and shotgun licences from the first of this month, met a set-back on Wednesday when a Commons select committee rejected orders confirming the new changes.

LABOUR NEWS

# BP men set for strike at Scots chemicals plant

BY DAVID CHURCHILL, LABOUR STAFF

WORKERS AT British Petroleum's chemicals plant at Grangemouth, Scotland, yesterday began to shut down production facilities in preparation for a total strike from Monday morning over a claim for improved fringe benefits.

Union officials at the plant said that the strike could halt the flow of oil from the Forties Field in the North Sea, which provides up to a fifth of Britain's oil needs. But BP last night rejected this view.

It did admit that the production of chemicals such as styrene and high density polyethylene would be seriously hit if the strike went ahead.

About 140 supervisors at the plant, members of the Association of Scientific, Technical and Managerial Staff, began to shut down production yesterday for safety reasons.

This followed yesterday's decision by the 2,000 workforce, represented by the Transport and General Workers Union and the Amalgamated Union of Engineering Workers as well as ASTMS, to stop work and occupy the plant from six o'clock on Monday morning.

The workers are basically seeking a two-thirds increase in pensions to bring them in line with other BP employees at nearby plants.

They claim that since the chemical works were taken over by BP from British Hydrocarbon, their pension scheme is now proving to be insufficient.

### Retirement

The problem has intensified, a union official said last night, as a considerable proportion of the workers are approaching retirement and several months of talks have failed to improve the situation.

National officials of both the TGWU and AUEW yesterday recommended that the workers should not strike but continue to take the dispute through traditional negotiating procedures. But this was rejected by a meeting of shop stew[ards] yesterday.

Mr. Clive Jenkins, AS[TMS] general secretary, last n[ight] sent a letter to Mr. Anth[ony] Wedgwood Benn, Energy Se[cre]tary, asking him to interv[ene]. Mr. Jenkins said that the pla[nt] closure would pose a threat [to] Britain's oil reserves and [that] the BP dispute was only [the] latest in a series of indust[rial] unrest in the company.

Senior officials from [the] Chemical Industries Associat[ion] left for Scotland last night [for] talks to-day with the sh[op] stewards from the three uni[ons] involved in an attempt [to] resolve the dispute before M[on]day's strike.

In a statement last night [BP] said that the plant was a ma[jor] source of chemicals and pla[stics] for both the U.K. and exp[ort] markets.

Materials likely to be affe[cted] by the strike include ba[sic] petrochemicals such as ethyle[ne], propylene, butadine, styre[ne], acrylonitrile, phenol, ethnol a[nd] high density polyethylene.

# Night work bar 'should not sto[p] equal pay for women'

BY CHRISTIAN TYLER, LABOUR STAFF

AN IMPORTANT interpretation of the Equal Pay Act was made by the Employment Appeal Tribunal yesterday concerning the issue of women employees barred from better-paid night-shift work.

Mr. Justice Phillips, president of the tribunal, said: "We have come to the conclusion that, in the context of the Equal Pay Act, 1970, the mere time at which the work is performed should be disregarded when considering the differences between the things which the woman does and the things which the man does.

### Compensated

"Were it not so, the Act could never apply in cases where it must obviously have been intended to apply — where men doing the same work are engaged on a night shift."

Women should have the same basic wage if they were doing the same work. That would not be unfair on the men because they would be compensated for working nights or Sundays by a shift payment or premium. If the time of day was the only difference between jobs, it should be ignored.

The judge was explaining why the Appeal Tribunal had recently ordered a Liverpool industrial tribunal to re-hear a claim for higher pay from five women who work in the quality control department of Kraft Foods at Kirkby

The women are barred by the Factories Act of 1961 from doing night or Sunday work. The industrial tribunal had found that the fact the women could not do night work made their jobs substantially different from the men's, for the purposes of the Equal Pay Act.

Yesterday's ruling by the Appeal Tribunal—the latest in a series of judgments favourab[le] to women claimants and almo[st] critical of industrial tribuna[ls] —could have repercussio[ns] throughout industry.

### Clarified

The Equal Opportunities Co[m]mission said the judge's rulin[g] had "clarified one importa[nt] area on which a number [of] cases had been unsuccessful. [It] appears that the appeal tribun[al] is interpreting the Act m[ore] generously than industrial t[ri]bunals."

● A 36-year-old former Ci[vil] Service clerical officer co[m]plained at an industrial tribun[al] in London yesterday that [the] Service's age limit of 28 for [the] rank of executive officer w[as] unfair to women.

Mrs. Linda Price is claim[ing] compensation from the Ci[vil] Service Commission.

The hearing was adjourned

# Labour MPs call for probe into Courtaulds' closure

LABOUR MPs from the North-West of England yesterday called for an investigation by the Departments of Industry and Employment into the proposed closure of the Courtaulds' plant at Skelmersdale.

Later they met representatives of the North-West Economic Development Association to explore methods of combating this and other Courtaulds' closures.

A statement said: "The news of the impending closure at Skelmersdale is a bitter blow to the whole of the North-West region, the more so since it follows disclosures of similar shutdowns in Flintshire, in Wales, and the threat to the Courtaulds plant at Aintree, Merseyside.

"It appears that no advance warning was given of the intention to cease production at Skelmersdale and the attitude of the company warrants immediate investigation by the Departments of Industry and Employment, especially since Courtaulds has received lavish grants from public funds for many years.

"This aspect adds concern to the overwhelming anxiety at the loss of many thousands of jobs in an area already stricken by high unemployment."

The statement was issued by Mr. George Rodgers, the group's chairman and MP for Chorley, after a meeting on Wednesday night.

A group of Tory MPs from the region will seek a meeting with Sir Arthur Knight, Courtaulds chairman, to discuss reasons for the Skelmersdale closure and to find out whether the decision was reversible.

The announcement by the textile group to close the Lancashire factory, with the loss of 1,000 jobs, was made on Tuesday.

Meanwhile, union officials are trying to save the jobs of the 49 workers at Sunnybrook Mill, which is due to close in January.

Mr. Arnold Belfield, secretary of the local branch of the National Union of Textile and Allied Workers, said yesterday that they planned to meet Courtaulds officials early next week. "We are not going to let them close Sunnybrook without a fight," he said.

● The Common Market textile and clothing industries have protested at the attitude of the EEC authorities to their difficulties in Europe generally.

The EEC co-ordinating committees for the industries complain of delay in applying the Multi-Fibre Arrangement, the excessive concessions granted under it, the absence of accurate and up-to-date information on import trends and above all "the failure to take an overall view of the Community's import burden."

# Ban sought on foreign hotel workers

NO PERMITS should be iss[ued] to foreign workers seeking p[osts] in Britain's hotel and cater[ing] industry next year, TUC lead[ers] said yesterday.

Permits are not required [for] workers from Common Mar[ket] countries, but in the past m[any] foreign workers in hotels [and] restaurants have come f[rom] Spain, Malta and the Philippi[nes]. It is these workers who w[ould] be prevented from coming h[ere] if the TUC proposal was adop[ted].

Last year the quota of per[mits] for the industry was set at 8, but for this year the Govern[ment] reduced the number to 6,000 [and] expressed the hope that the [in]dustry would limit its emp[loy]ment of foreign workers to [well] below this figure.

By the end of the year [it is] expected that only about [...] foreign workers will have [been] issued with permits.

### Casual jobs

In talks yesterday with [Mr.] John Grant, Parliamen[tary] Under Secretary for Em[ploy]ment, about next year's q[uota] the TUC hotel and caterin[g in]dustries' committee sugg[ested] that no permits at all shoul[d be] issued for next year, bearin[g in] mind the unemployment [in] Britain and the problems ar[ising] from casual workers employ[ed in] the industry at less than s[tatu]tory rates.

The Department will have [dis]cussions with employers b[efore] deciding upon the quota [of] permits for next year.

The TUC representatives expressed their appreciatio[n of] the recent "blitz" carried o[ut by] wages inspectors on infr[inge]ments of minimum wage in a number of towns.

They want the Governmen[t to] take a more vigorous attitude [to] infringements, with [...] prosecutions for paying be[low] the statutory minimum [...] Mr. Grant said the point wo[uld] be considered.

# Basnett wants shake-up in EEC jobs policy

SUBSTANTIAL measures to create employment and direct stimulation of investment would be needed to tackle the EEC's structural unemployment, Mr. David Basnett, general secretary of the General and Municipal Workers Union, said at a meeting of the EEC economic and social committee in Brussels yesterday.

Mr. Basnett said that the objectives set out by finance and employment Ministers, employers and unions in July would not be met by conventional economic means. The EEC Commission's forecast of a 7-8 per cent. inflation rate for 1977 was under threat from rising food and raw material prices under the Common Agricultural Policy.

# Threat to bone-marrow aid

TWO MEMBERS of a medical project aimed at finding donors for victims of bone-marrow deficiency disease face dismissal because of the way hospital authorities interpret the Trade Union and Labour Relations Act, it was claimed yesterday.

Other members of the project, the Anthony Nolan Bone Marrow Appeal, fear the rest of the staff may face similar action when their contracts come up for renewal, if £36,000 cannot be raised.

The project has to guarantee the salaries of its staff for two years because of the way authorities at Westminster Hospital interpret the Act, according to a spokesman for the appeal. The fund has enough cash to guarantee salaries for only a year.

The appeal was founded to help find a donor to allow four-year-old Anthony Nolan, a victim of bone-marrow deficiency disease, and others like him to have a bone-marrow transplant. Only one in 50,000 people has the same tissue-type as Anthony.

The appeal wanted Westminster Hospital health authority to take on financial administration of the fund, and deposited £36,000 to cover a year's salaries. But now, the appeal said, two years' salary was being demanded.

The Trade Union and Labour Relations Act allows people [em]ployed for more than six mo[nths] to claim for unfair compens[ation] if their contract is for less [than] two years and they are [dis]missed at the end of it.

For contracts over two ye[ars] employees can waive their righ[t] to make such claims. The app[eal] said that unless two ye[ars'] salary was lodged so that [two-]year contracts could be gi[ven] one of five laboratory tech[nicians] and the laboratory se[c]retary, both due to complete [six] months' service shortly, wou[ld] be dismissed.

The Department of Emplo[y]ment said there appeared to [be] some "misunderstanding" [of] the Act.

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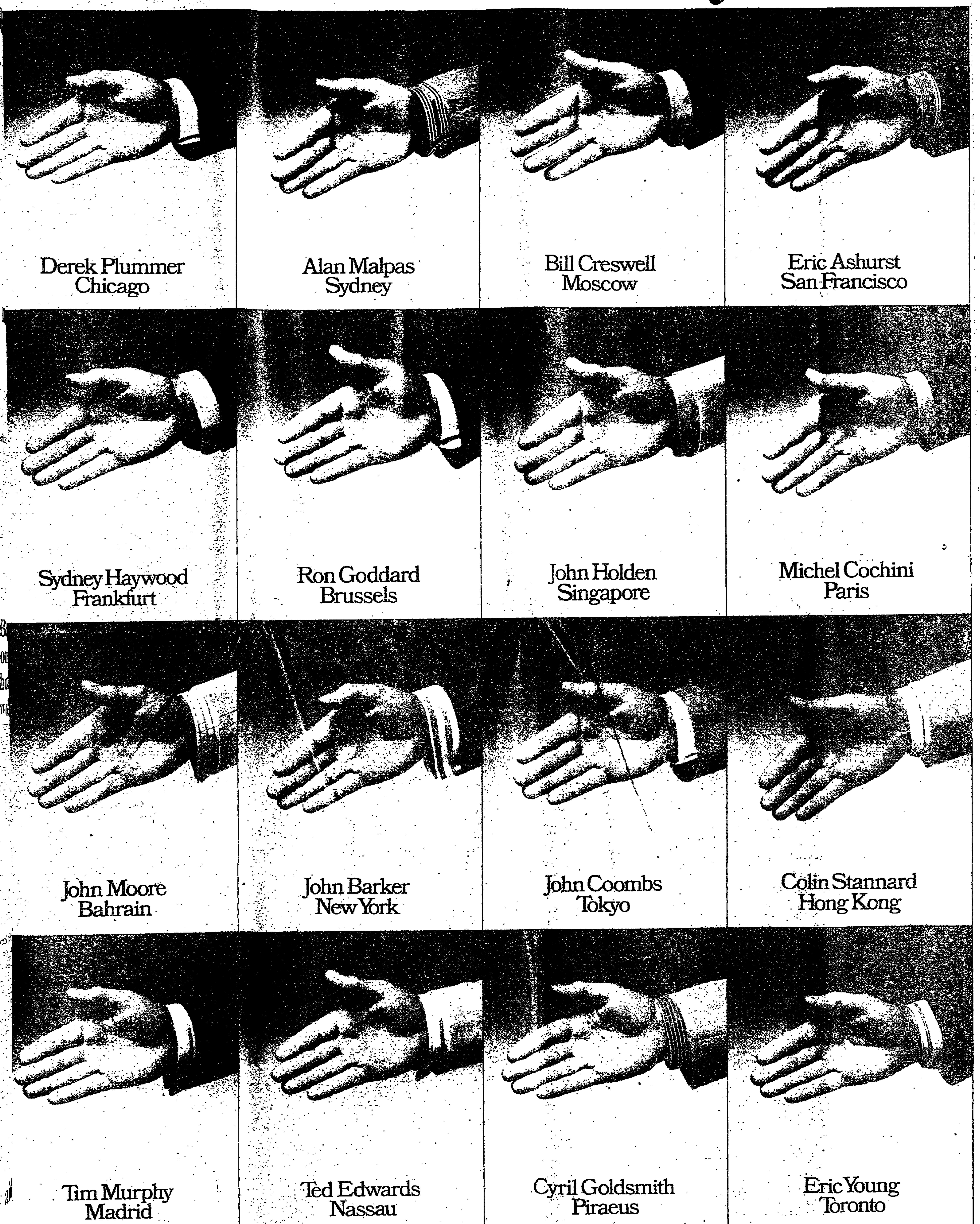


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# The Property Market

BY QUENTIN GUIRDHAM

## Prime is 6½% says Richard Ellis

THE largest of the property bonds, Abbey Life, yesterday announced the result of the first major revaluation since the drop in values caused by MLR. Richard Ellis are the main valuers (Cluttons, who marked down Save and Prosper's Property Fund by 10 per cent. last week cover Abbey's agricultural investments) and the result of their work is a reduction of 4½ per cent. But that overall percentage does not explain what has happened to the U.K. property valuations.

Blanket figures for these funds, which are naturally being watched closely at present to establish a new level of values, need to take into account the shape of individual funds. Abbey is just over 20 per cent. liquid, so that portion is unaffected, though eventually the higher interest rates produce a noticeable income increase. Then there are 16 per cent. of property assets abroad, on which the sterling exchange gain was over £1m. last week alone (there was also a minor upvaluing, due to reviews and lettings, on a shop block in Rotterdam). And the 5 per cent. of the fund in agricultural land has not been written down.

Of the slightly under 40 per cent. of the total Abbey fund (now valued at £209m.) which is in U.K. properties, only eight holdings had previously been valued on the basis of 5½ or 5¾ per cent. yields. These were mainly shops, though one of the three 5½ per cent. holdings was a new office building, let to the Water Board, in Bath. Ellis has moved its lowest base for valuation up to 6½ per cent., indicating an 18 per cent. drop in value for the holdings previously rated at 5½ per cent.

On the holdings previously valued at between 6 and 6½ per cent., again mainly shops, Ellis has moved these towards 7 per cent. Some of the percentage falls in value here are again quite steep, but on the bulk of the fund, previously valued between 7 and 9 per cent., the drops are less acute.

Some good industrials have been moved only from 8 to 8½ per cent., some equated yields of around 9 per cent. on reversionary properties have not been altered at all, so that the yields on most of the holdings have moved only a quarter or half per cent., and it is not until reaching odd secondary properties that a jump of a full point has again been made.

So Ellis has concluded that prime property can only rate 6½ per cent. (they included in that rating the classic Princes Street, Edinburgh, shop unit). There are few portfolios where many holdings could recently have been sensibly valued at yields of under 6 per cent., but for those where one or two large prime buildings form the bulk of the company or fund, the implications of this assessment of present values must be serious.

## Brooklands project

The £8m. which Vickers and GEC paid for 265 acres of Brooklands, near Weybridge, Surrey, may take a long time recouping, but a start has now been made in marketing the 1½m. square feet of existing factory and warehouse space. This was the old West Works of the British Aircraft Corporation and before that Vickers. It is historic territory, for apart from the remains of the old racing track, there were 11,000 Wellingtons built at Brooklands during the war and Vickers first went on to the site in 1910.

BAC is still at Brooklands, making bits of the One-Eleven, MRCA and Jaguar in its works on the other side of the River Wey, but, having decided to close the West Works, it sold the major area in 1974 to Oyster Lane Properties, a company jointly owned by BAC's two shareholders, Vickers and GEC. At the time, such a quantity of land and buildings in mid-Surrey looked a worthwhile property investment to remove from the aircraft group and develop separately, with BAC's likely nationalisation a possible spur.

The price of £8m. was settled on a valuation by Fuller Peiser, now project managers and sole letting agents. The climate has changed since early 1974. Sir Archibald Hope, group treasurer of GEC, says, "If anyone would like to pay us that to-day, plus interest, we'd take it."

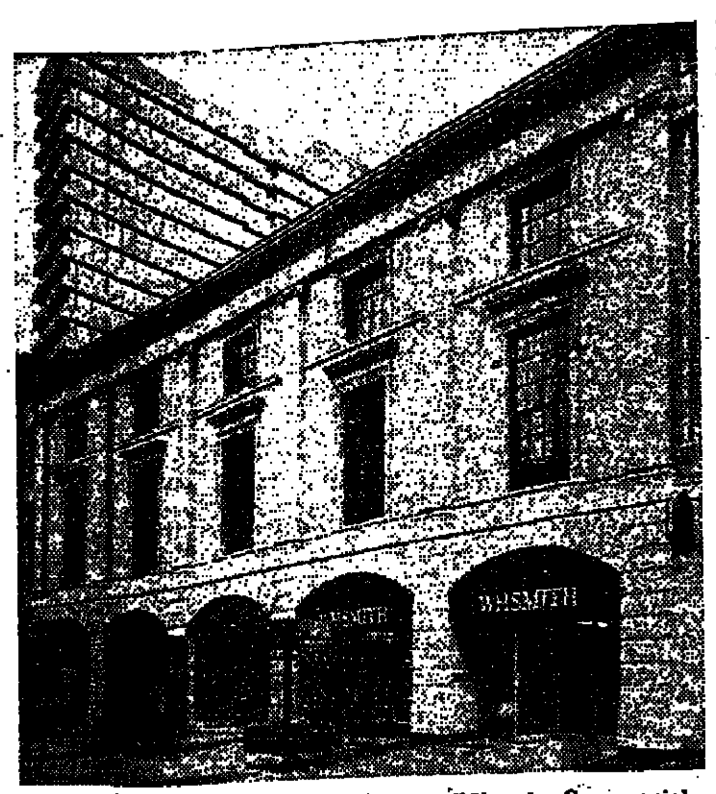
There are, for the moment, only 85 acres on which industrial lettings will be done, and the planners have indicated that, even on this area, maximum utilisation would not be acceptable. Hence the concept of a widely laid out industrial park. But permission has been won to alter an initial 500,000 square feet from industrial to warehouse use, with the rest as Class Three usage.

While the general location suggests a good demand, the immediate access could be much improved. That depends on the M25 being finished, which would provide a junction within two miles and the possibility of a link road, included in the Surrey Strategy Plan, which might even run through the non-industrial site, close to the runway (the airfield use ceased some years back but the memory will be preserved as there is a small hut, listed as of historic interest, where the first ever commercial flight ticket was sold).

These two roads would considerably improve access, but the agents claim that already, having only just started promotion—the delay since 1974 being explained by getting the planning straight and the fact that BAC did not finally leave the West Works until the end of 1975—they have had inquiries of some sort for over 2m. square feet.

For some older buildings, where Oyster Lane Properties is offering short-term tenancies with a view to eventual redevelopment, there are already two takers, among the permanent structures, one of the hangars where VC-10s were built, of 98,000 square feet, is under offer. This is a very tall building, and the potential tenants, described as the distribution side of a national wholesaling and manufacturing company, are thinking of using the height to rack their stores up to 40 feet.

Of all the varied size of buildings—there is one 300,000 square foot unit but they go down to 10,000 square feet—Oyster say they will normally wait to hear tenants' requirements before making alterations. The rents being quoted are around £1 a square foot on the short-term buildings, and £1.50 a square foot or higher for new or improved buildings on longer leases.



An interest in the Leeds Library building in Commercial Street, probably the prime shopping street in the city, has been sold to the Save and Prosper Property Fund. S and P have taken a 130-year lease, with the library taking a lease for the same term, at a peppercorn rent, on its premises upstairs. The library and S and P then share the rents from the two shop units, let to W. H. Smith and the United Drapery Stores (Alexandre). The Smith's lease is highly reversionary and, while initial yield is just over 4 per cent., S and P reckons an equated yield of 9½ per cent. for the £260,000 it has paid. The building is 1806 and the library, the oldest proprietary library in the country, gets some capital to invest in preserving rare archive material. The modern building behind is MEPC's West Riding House. Hill Welsh introduced the deal and Healey and Baker acted for S and P.

## MPs query Government office costs

WHILE ITS strictures about government aid to workers' co-operatives attracted most attention, the report from the Committee of Public Accounts also indicated that the MPs concerned are maintaining their interest in how civil servants are housed and at what cost. What the committee particularly latched on to, in interviews with Property Services Agency officials, was the cost of occupational works carried out on new leased office buildings in London. The PSA reported during hearings earlier this year, that it was spending £9m. to adapt for use as government departments four blocks, Queen Anne's Mansions, Becket House, Fleet Bank House and Ashdown House. The committee, in its report, reckons that is too much.

It is "concerned at the extent and substantial costs of the works needed to prepare and adapt new buildings in London for occupation. We urge the Agency, when they have a firm interest in leasing a building at an early stage of development, to make the utmost efforts to persuade the developer to incorporate in his plans their probable requirements for such basic services as air-conditioning, lighting and power circuits, ventilation ducts etc."

In this respect, the committee appears to have been most worried by the case of Land Securities' Queen Anne's Mansions, where the Government agreed to lease the 316,000 square feet building in 1968. But on completion this year, works on partitioning, acoustic ceilings, additional lighting, power and telephone ducts, conveyors, Ministerial suites and other matters were expected to total £2.1m.

Apart from the money spent on these occupational works, the committee was bothered by the time factor, particularly where it meant rent being paid for long periods before the buildings were occupied. In this sense Fleet Bank House (11 months) and Ashdown House (1½ years to full occupation) seemed the worst examples.

One point to emerge in the evidence was that, despite the informative literature put out by the PSA on more modern and open office lay-outs, the message is not apparently getting through. Bureaucrats continue to love partitions.

The single item which took up most time in hearings was the question of whether the Government would do better to build or to rent its offices. While it was admitted then, and would be even more so now, that it was not the time to increase Government borrowing, the MPs clearly thought the economics of leasing rather than building were largely unproven and asked the civil servants to draw up papers on the subject.

"It really is not possible," said Edward du Cann, "in the context of a borrowing requirement of £12bn. to argue that it would be quite wrong for the Treasury to let the PSA [illegible] £6m. of capital in order [illegible] one building which was [illegible] cost, if rented from a developer, £1m. a year."

It is a persuasive case [illegible] as the former chairman of [illegible] Ullmann knows, that is [illegible] order of return developers [illegible] make these days.

## OUT AND ABOUT

● The former Research [illegible] Production premises owned [illegible] Baker Perkins Holdings [illegible] Twyford, Berkshire, have [illegible] sold by Weatherall Green [illegible] Smith at a figure said [illegible] close to the asking price [illegible] £265,000. The purchasers [illegible] the Mentholatum Company, [illegible] will use the premises for [illegible] own research and production purposes.

The property in Lo[illegible] Road, Twyford, has been [illegible] loped piecemeal over a number of years and the buildings which are all single-[illegible] provide a total floor space [illegible] 41,051 sq. ft. and include [illegible] workshops, storage and [illegible] facilities.

● Artagen Properties have [illegible] their entire development [illegible] Avonmouth Way, Avonmouth [illegible] Williams Furniture for use [illegible] a discount warehouse. [illegible] building comprises 94,500 sq. [illegible] of warehouse and office [illegible] constructed with steel [illegible] frames and with facing [illegible] work and insulated and [illegible] plastic-coated sheet steel [illegible] ally. The building is completely detached on a site of 4.25 [illegible] which incorporates parking [illegible] in excess of 140 cars.

The tenants have taken [illegible] year lease at £90,000 per [illegible] and are intending to open [illegible] new discount warehouse [illegible] in 1977. The joint letting agents were Hartnall Taylor Cook [illegible] Parnis Bird and Partners.

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### on

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### re

ey, industrial premises 21,000 sq. ft. plus 17,400 sq. ft. Close A34 and A441. For Sale.

site. close Markets Complex and Aston ay/Spaghetti Junction. For Sale.

rey warehouse premises 16,500 sq. ft. includ- block and showroom. Adjacent to Markets . For Sale or To Let.

### h

use Premises, 14,600 sq. ft. City Centre. To Let.

### ton

torey factory with office block. 17,600 sq. ft. 0 ton cranes. 500 yards from Spaghetti Junction.

### lly Industrial Park

industrial estate 800 yards from Spaghetti on and M6 Motorway. Units from 5,000 sq. ft. 0 sq. ft. To Let.

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### dley

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### ll Heath

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### ton, Barton Industrial Estate

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### ton, Stag Industrial Estate

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### dley

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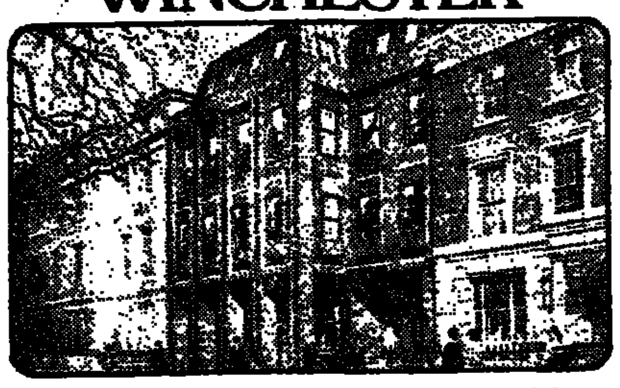

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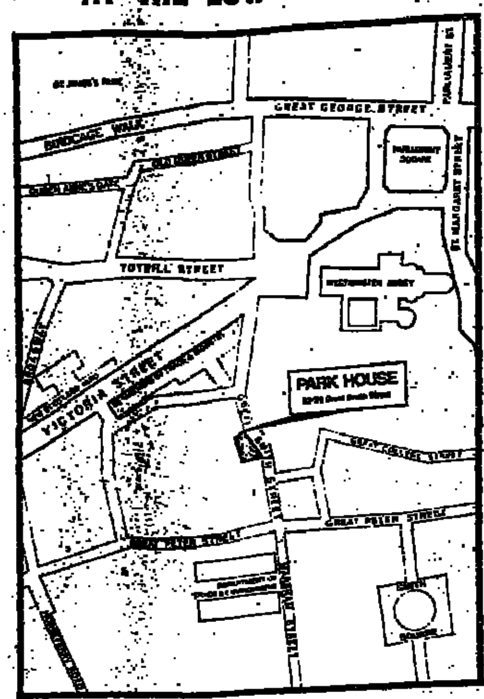


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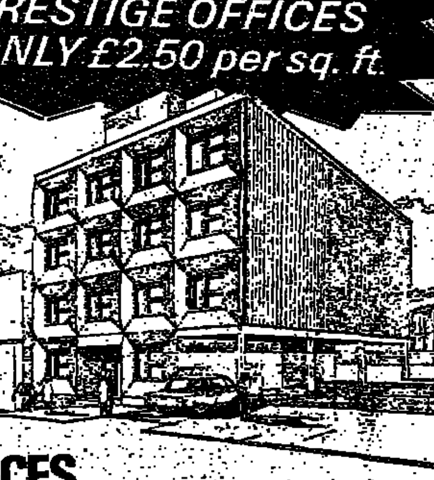

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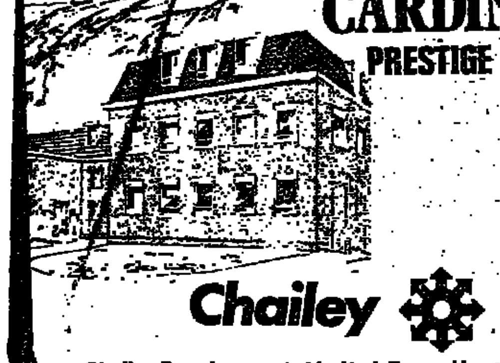

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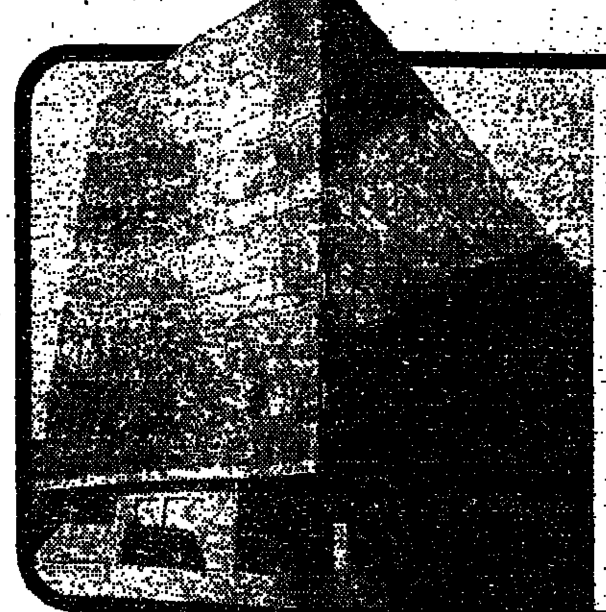

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## LUXURY OFFICE DEVELOPMENT IN JERSEY

FOR SALE or TO LET

25,000 sq. ft. approx. of Offices on three levels in varying sizes

In addition, seven x two-bedroom flats available on upper floor with I.C.H.

PRIVATE CAR-PARKING

Joint Agents:

JOHN D. WOOD
23 Berkeley Square, London
W1X 6AL. 01-629 9050 (Ref. S.H.)
and
LOVELL & PARTNERS
11 Smith Street
St. Peter Port, Guernsey
Tel: 0481 23636

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## APPOINTMENTS

COMMODITY Executive wanted. Charterhouse Appointments. 01-836 2377.

## FOR INVESTMENT

GODSTONE, SURREY. Investment. 25 garages let at £3,547 p.a. Offers invited. Lander Burfield, Chartered Surveyors, Westerham 63264.

INVEST IN LAND with The Stewart Granger Organisation. Full details from Medville Properties F.T., 11-13 Goldsmith St., Nottingham. Phone 0602 411536.

## WANTED

**INVESTOR**

*invites propositions from agents, liquidators, etc., wishing to dispose of individual properties or portfolios. Flats with shops of special interest.*

*Details to Box T.4455, Financial Times, 10 Cannon Street, EC4P 4BY.*

URGENTLY REQUIRED. Freehold investment. West London. £30-50,000. Farr Bedford, 41 The Broadway, W.5. Tel. 01-579 9282.

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Available now

## Amethyst House
## Spring Gardens, Manchester

A superior air conditioned office building, located in the heart of the city's financial area

## TO LET

27,700 sq. ft. as a whole or in parts

For details apply to

Wrather & Co
20-21 Albert Square, Manchester M2 5PE
Telephone 061-833 9991

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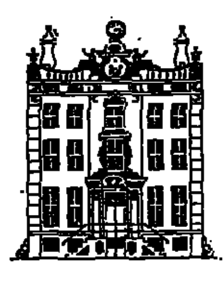
# INTERNATIONAL PROPERTY

## Stylish Office Premises to let on Herengracht in Amsterdam.



A row of stylish office buildings, situated in one of the most distinguished parts of the Amsterdam city centre, the financial heart of the Netherlands, the 'Golden Bend'.
The offer is highly varied from
200 m2 up to over 18,000 m2.
The buildings are in an excellent condition. We will be happy to make an appointment at our Herengracht Information Centre. Those who are interested in further details please apply to:

J. Rappange, Real Estate Agent
Prinsengracht 255-257
Amsterdam. Tel. (020) 240303

Van Poelwijck & Stefels b.v.
Jan van Eijckstraat 7-9
Amsterdam. Tel. (020) 721212

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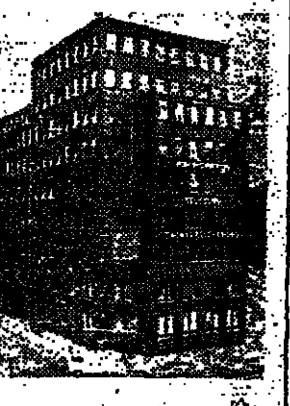
## For Sale CITY CENTRE HAMBURG



Office block, 100 yards from Mönckebergstrasse, approx. 80,000 sq. ft. lettable area, vacant early 1977. Price DM 14.5m. Also to let at approx. DM 1.50 per sq. ft. per month.

Sole agents:

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2000 Hamburg 76
Western-Germany
Tel. 0104940/22 30 63-66

RDM FIABCI

Ernst Zobel KG
Klärchenstrasse 12
2000 Hamburg 60
Western-Germany
Tel. 0104940/460 20 21

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## FOR SALE
**Building Sites**
in South Germany, near Lake Constance, beautifully situated, from DM 30.-/qm.
*Baugesellschaft Pfullendorf mbH*
Hauptstr. 49, D-7798 Pfullendorf, West Germany.

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# BUSINESSES FOR SALE

## Sheepskin Tannery

### For Sale as a Unit

THE ASSETS OF MARFORD HOLDINGS LIMITED (IN LIQUIDATION)

ARDFINNAN, CLONMEL, CO. TIPPERARY

The products of Marford Holdings Limited comprised high quality sueded lambskins sold under the name Leidersdorff produced in a single-storey factory of approximately 45,000 sq. ft. on a 4.5 acre site in Ardfinnan, Co. Tipperary (nine miles from Clonmel).
The factory is equipped with modern machinery with a capacity to dress and dye 7,000 plus quality lambskins per week. A trained labour force is available locally.
Substantial modern office premises as well as a private residence are also available.
For further details, apply to:
Laurence Crowley, F.C.A., Liquidator,
Marford Holdings Limited (In Liquidation),
Stokes Kennedy Crowley & Associates,
Harcourt House,
Dublin 2,
Republic of Ireland.
Tel: Dublin 757971. Telex: 4494 SKCEI.

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## FOR IMMEDIATE SALE

*High Quality Alloy Steel Manufacturer*

INCLUDING

Quality Stainless Carbon and Ferro-Alloy Foundry

Turnover £3.4 million

Located Sheffield Area

Contact: Mr. Morris or Mr. Houghton
01-242 9451

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## FOR IMMEDIATE SALE

Special Engineering Cutting Tool Manufacturer.
Turnover £500,000
Located close to Sheffield City Centre.
Contact: Mr. Morris or Mr. Houghton.
01-242 9451

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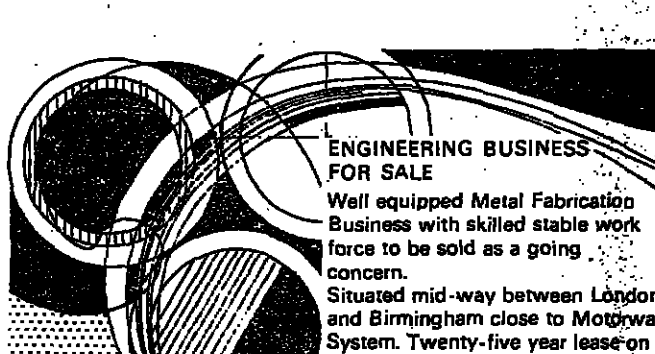

ENGINEERING BUSINESS FOR SALE
Well equipped Metal Fabrication Business with skilled stable work force to be sold as a going concern.
Situated mid-way between London and Birmingham close to Motorway System. Twenty-five year lease on existing Works of 7,000 sq. ft., with option to take further 20,000 sq. ft.
Write Box E.8840, Financial Times, 10, Cannon Street, EC4P 4BY.

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## Office Furniture Business

Office furniture business based at Tring, Herts., for sale, manufacturing high quality cabinets and desks. Established 1965. Leasehold premises 14,000 sq. ft. Turnover approx. £250,000 p.a. Principals only please write to G. W. Tyrwhitt-Drake, Receiver, Isoplan Furniture Ltd., c/o Josolyne Layton-Bennett and Co., 39/45 Tottenham Court Road, London W1P 0JL.

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**EXPANSION MINDED!**

Metal fabricating and welding business, with well equipped shops and land for future expansion, available for sale. West of London, with easy access to M4, M40 and London Airport.

*Enquiries to Box E.8881, Financial Times, 10, Cannon Street, EC4P 4BY.*

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**SWISS EQUIPMENT LEASING COMPANY**

Expanding business necessitates increase of share capital. Take-over of majority of share capital offered at a price of SFr.2.5m.
Please write to:
Dipl-Kfm. Frank Herrmann,
Trajanstr. 17, D-5000 Koln 1,
West Germany.

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**RETAIL MOTOR TRADE DEALERSHIP FOR SALE**

A Public Company has a medium sized motor dealership for sale as a going concern.
The dealership is located in the South of England and holds a Vauxhall/Bedford franchise.
The sale price is realistic and includes the property which is Freehold.
Enquiries in writing to:
Box E.8903, Financial Times,
10, Cannon Street, EC4P 4BY.

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**OVERSEAS INVESTMENTS**

DOLLARS FOR POUNDS!
NO PREMIUM

Unique opportunity to acquire luxury home and profitable business in prosperous Caribbean tourist centre, St. Maarten, Netherlands Antilles. 2 bed., 2 bath., *fully furnished and equipped* home on beautiful beach, valued $75,000 and leading Fashion Boutique Frontstreet grossing $100,000 p.a. with semi-absentee management. English owner returning home for family reasons will take $150,000 including *inventory, payment Pounds in London* at Bank Rate on closing date. Principals only.

*Write Box E.8904, Financial Times, 10, Cannon Street, EC4P 4BY.*

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**FOR SALE**

Holding in private Isle of Man limited company (very wide objects of incorporation including financial operations) acquisition advantages to any U.K. company wishing to minimise company taxation. Very low tax area, no capital gains, death duties, surtax, numerous other advantages, etc. Good mainland communications. Company owns well equipped retail shop premises, quayside, Ramsey Harbour, 1,800 sq. ft. on four floors, recently refitted, together with adjoining small four-storey house requiring renovation, currently marine chandlers and yacht brokers, operating locally and mainland, suitable other uses. 2½ years trading, figures available, 1974/75 tax loss to carry forward. Considerable *goodwill built up through extensive* advertising, etc. Many exclusive agencies. Business has considerable growth potential. Turnover 1976 up 400% on 1975. Both directors much involved elsewhere but might consider retaining minor interest. *Price including company, premises and goodwill,* £45,000. Assets and stock if required, at valuation. Principals only.
R. Jones, Nassau, Dog Mills, Ramsey, Isle of Man

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**FOR SALE**

Midland based, small established group of companies involved in the highly skilled mechanical installations on North Sea rigs, Power Generation and Petro-Chemical industries in the U.K. and Europe. Large orders currently on hand with a full order book. Present turnover £1.25m. per annum. Fixed assets £45,000. Purchase price £50,000 plus 50% of the net profit for the ensuing 5 years. All principal management would remain.

*Write Box E.8895, Financial Times, 10, Cannon Street, EC4P 4BY.*

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**Medium Sized**

Scottish fabricating Company, experienced in special metals, and with modern factory and equipment, seeks amalgamation with a view to expansion of markets.

Write Box T.4449.
*Financial Times.*
10, Cannon Street, EC4P 4BY

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**RETAIL CLOTHING GROUP**

A Young Rapidly Expanding chain—
8 High Street Shops

unable to achieve adequate return on investment capital wishes to sell business as a whole. Ideal for existing retail group wishing to expand. Leases, goodwill, fixtures and fittings, £80,000 plus s.a.v.

*All interested parties should write to:*
Gordon Kanter & Company,
Charter House,
158, Station Road, Edgware,
Middlesex HA8 7BB

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**SUSSEX**

Very substantial Building Contractors and Civil Engineers for sale with net assets approx. £1m. including Freehold Office Block, large Inn, 190-acre Farm. Good stock of residential building land and 2½-acre site for industrial / warehouse development. Large tip. Over £200,000 worth first class plant and materials. Very profitable *contracts, over £200,000 p.a. net* profit possible. Good cash flow. £400,000 bank facility for land purchase. Substantial cash price required, *principals only.*
*Write Box E.8905, Financial Times, 10 Cannon Street, EC4P 4BY.*

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**PROVINCIAL CASINO**
*preferably*
**SOUTHERN ENGLAND**

All enquiries to
Box E.8863, Financial Times,
10, Cannon Street, EC4P 4BY.

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**RETAIL TOY GROUP**
**£400,000 CASH FLOW P.A.**

Five superbly fitted shops in prime Home Counties town centres + warehouse and offices. Fully staffed. Gross profits 40%. Net profits exceed £60,000 p.a. Estab. 1923. Founder owners retiring. Outstanding growth potential. Price £180,000. Stock at value. *Owner's Sole Agents:* Ronald A. Rawlings & Co., 140, High Street, Godalming, Surrey. 6136/6137.

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**SMALL HOTEL GROUP IN JERSEY**
**FOR SALE**

Prime sites in Gorey and St. Helier. Modern and in excellent condition. Offers for group or individual hotels invited.

*Write Box E.8844, Financial Times, 10, Cannon Street, EC4P 4BY.*

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**WOOLLEN FABRIC WHOLESALERS**

for sale as going concern. Knitted and woven cloths with turnover in excess of £100,000 p.a. Substantial tax losses available.

*Write:*
A. C. Hamilton, Viney Merretts,
Empire House, St. Martins-le-Grand,
London, EC1A 4DN.

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SOUTHPORT. Exclusive and superbly equipped licensed restaurant, favoured position head of Lord Street. Cocktail bar, seating for 116 and own parking. £47,000. R. F. Spark and Co., 21 Dale Street, Liverpool L2 2HB. (051 236 0685)

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# BUSINESSES WANTED

## PURCHASE OF SCAFFOLDING and PLANT HIRE COMPANIES

A public group of companies already involved in contracting operations wishes to acquire additional scaffolding and plant hire business. We wish to purchase companies who have two or more branches in the United Kingdom. Interested companies should write to Mr. R. J. Juniper, M.C.S. Robertson and Scott, Friendly House, 21-24 Chiswell Street, London E.C.1. giving broad details of business available for purchase. All approaches will be dealt with in the strictest confidence.

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**PROPERTY COMPANY REQUIRED**
**£588,000 CASH**

available for purchase of property company holding good *class commercial portfolio* at realistic rentals.

*Replies in confidence to:—*
Box E.8894,
Financial Times,
10, Cannon Street, EC4P 4BY

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## PROPERTY COMPANIES

We are an International Organisation seeking to acquire for cash Property Investment or Dealing Companies which have existing portfolios of income producing properties. Controlling interest required but existing management may be retained by agreement. Consideration can be arranged to suit individual requirements.
Please forward details in the first instance to:—
Peter Coventry,
Excel House, 42 Upper Berkeley Street,
London, W1H 7PL. Phone 01-262 0034.

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**FUNDS AVAILABLE**

We are a Public Company who wish to expand our present interests by participating in or acquiring businesses with good growth potential. If your business is for sale or requires additional financial resources, please write in confidence to:

*Box E.8893 Financial Times, 10, Cannon Street, EC4P 4BY.*

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**PRINTING COMPANY IN THE LONDON AREA WANTED**

PROFIT LEVEL NOT IMPORTANT

Write Box E.8875, Financial Times, 10, Cannon Street, EC4P 4BY.

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# HOTELS AND LICENSED PREMISES

**OXON, Near Henley**

Centuries old country free house and club of traditional brick construction with lattice windows. Lounge/Bar, Restaurant, fully equipped kitchen, self-contained club, with a capacity of 125 and a 2 a.m. licence. 4 beds., etc., car park 70/80 cars, 1.5 acres, cottage in need of renovation, enormous unexploited potential. £120,000 freehold. SAV. Lovells, 82 High Street, Marlow, Bucks. Tel: 72339.

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*Convenient to Leicester, Nottingham and Melton Mowbray and in the Quorn Monday country*

**AN EXCLUSIVE PRIVATE DINING CLUB**

situated in a pretty country village *for sale as a going concern* including charming period property, furniture, equipment and the benefit of a membership of some 500. A *rare* chance of acquiring a unique and well established business.

WALKER WALTON HANSON
Chartered Surveyors,
Byard Lane, Nottingham.
Nottingham 54272.

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**OFFICE EQUIPMENT AND SUPPLIES BUSINESS**

Public Company in the Service field wishes to acquire office equipment and supplies business for cash or cash/shares consideration.

*Write Box E.8885, Financial Times, 10, Cannon Street, EC4P 4BY.*

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# Entertainment Guide

### OPERA & BALLET

COLISEUM. (01-836 3161.) ENGLISH NATIONAL OPERA Tonight 7.30: Cavalleria Rusticana & Pagliacci. Tomor. & Thur. 7.30: Rigoletto. *Tue. 7.30: Don Giovanni.* Wed. 7.00: Bomarzo.

COVENT GARDEN. 240 1066. (Gardenchange credit card booking. 836 6903) THE ROYAL OPERA Ton't & Tue. *7.30: Macbeth. Thur.* 7.30: Cosi fan tutte. THE ROYAL BALLET Sat. at 7.30: Rituals, The Invitation, Elite Syncopations. Wed. 7.30: Swan Lake. 65 Amphi seats for all perfs. on sale from 10 a.m. on day of perf.

SADLER'S WELLS TH., Rosebery Ave. EC1. 837 1672. Evenings at 7.30. The HANDEL OPERA SOCIETY Ton't. Tue., Thu. & Nov. 6 Belshazzar. Tomor., Wed. & Nov. 5 Ariodante.

### THEATRES

ADELPHI THEATRE. 01-836 7611. Evgs. 7.30. Mats. Thur. 3.0. Sats. 4.0. IRENE "LONDON'S BEST NIGHT OUT SPECTACLE, CAPTIVATING TUNES AND RACY COMEDY." People. IRENE "SLICK, SUMPTUOUS—THE MUSICAL IRENE HAS EVERYTHING." D. Express. IRENE NOW BOOKING TO MARCH 1977 CREDIT CARDS ACCEPTED

ALBERY. 836 3878. *Evenings at 8.00.* Mats. Thurs. 3. Sats. 5 and 8.15 sharp. National Theatre production MICHAEL JAYSTON EQUUS by PETER SHAFFER Directed by John Dexter. "STUNNING AND COMPELLING." Std.

ALDWYCH. 836 6404. Inf. 836 5332. ROYAL SHAKESPEARE COMPANY IN REPERTOIRE. *Tonight and tomorrow:* Chekhov's IVANOV "This is a tantalising, infuriating and super-charged theatrical entertainment." F. Times. And: Arbuzov's OLD WORLD *(Next perf. Mon.) and Bernard Shaw's* THE DEVIL'S DISCIPLE. (All perfs. 7.30. Mat. Sat. 2.30.)

AMBASSADOR'S. 836 1171. Evgs. 8. Mats. Tues. 2.30. Sats. 5.30. 8.30. NIGEL PATRICK, PHYLLIS CALVERT, ISABEL DEAN, JENNIFER HILARY IN Denis Cannan's new play DEAR DADDY "A FIERY EVENING & THE MOST SUBSTANTIAL NEW PLAY IN TOWN." Obs. "Clever, Sharp and Amusing." Std. "Constantly exhilarating." Gdn. Dinner top price seat £6.30 incl.

APOLLO. 01-437 2663. Evenings 8.00. *Mat. Thurs.* 3.00. Sat. *5.30 and 8.30.* Pauline COLLINS, John ALDERTON "are BRILLIANT" D. Exp. in CONFUSIONS "Super Alan Ayckbourne gives audience *such a wonderful evening.*" Sun. Times.

ARTS THEATRE. Mon. to Thurs. at 8.30. Friday and Saturday 7.30 and 9.15. TOM STOPPARD'S DIRTY LINEN "Hilarious . . . see it." Sunday Times.

CAMBRIDGE. 836 6056. Seats £1 to £3. Evenings 8.0. Saturday 5.0 and 8.15. LAST 2 DAYS OF SEASON Peter Wyngarde, Elspeth March "*Nyree Dawn Porter is superb.*" Mirror. ANASTASIA "GRIPPING FROM START TO FINISH." Time Out. "GLITTERING." D. Mail. "Well crafted and entertaining." S. Exp.

COMEDY. 930 2578. *Evenings 8.00.* Mat. Thurs. 3.00. Sat. 5.30 and 8.30. Winner of all the Awards. BEST PLAY OF THE YEAR Michael GAMBON in Simon GRAY'S OTHERWISE ENGAGED Directed by Harold Pinter.

CONWAY HALL. Red Lion Square. (Holborn Tube). 01-628 0898. (Until Sat.) Tonight 8.0, tomor. 6.30 and 9.0. *JOINT STOCK in THE SPEAKERS*

CRITERION. 930 3216. Last Perfs. Ton't 8. Tomor. 5.30, 8.30. ALEC McCOWEN MICHAEL BRYANT *JUDY RAPFITT, ANNETTE CROSBIE in* THE FAMILY DANCE by Felicity Browne. "Very funny, brilliant . . . an evening of delight." H. Hobson, Sunday Times.

CRITERION. 930 3216. Opening Monday. Evgs. 8.30 (11 Nov. at 7) Warren Mitchell as ALF GARNETT in THE THOUGHTS OF CHAIRMAN ALF by Johnny Speight "The appeal of it is appalling." D. Tel.

DRURY LANE. 01-836 8108. Evenings 8 sharp. Matinees Wed. and Sat. 3.00. A CHORUS LINE "A *RARE DEVASTATING, JOYOUS* ASTONISHING STUNNER." Sun. Times.

DUCHESS. 836 8243. Evenings 8.0. Fri., Sat. 6.15 and 9.0. OH! CALCUTTA! "*The Nudity is Stunning.*" D. Tel. Now in its 7th Incredible Year.

DUKE OF YORK'S. 01-836 5122. Evenings 8.00. Wed., Sat. 6.00 and 8.45. TERRY SCOTT JUNE WHITFIELD A BEDFULL OF FOREIGNERS "GENUINELY HILARIOUS." Gdn. Dinner-Top Price Seat £6 inc.

ELLE et LUI. 01-437 2661. (Walker's Court, Brewer Street, W.1) (next to Raymond Revuebar) PAUL RAYMOND presents PENETRATION An Erotic Adventure in French Pornography. *An explicit Multi-Sexual Fantasy.* Night 8.15 and 10.15.

FORTUNE. 836 2238. Mon.-Fri. 8. Sat. 5 and 8. Thurs. 3. Avril ANGERS and Derek BOND in AGATHA CHRISTIE'S MURDER AT THE VICARAGE 2nd GREAT YEAR

GARRICK THEATRE. 01-836 4601. Evenings 8.00. Fri., Sat. 6.00 and 8.40. RICHARD BECKINSALE is "Side-splittingly funny" (Daily Mail) in FUNNY PECULIAR "Mike Stott's exceptionally fine, vastly entertaining, brilliant comedy." S. Times. "More good laughs than any other play in London." Observer.

GLOBE. 01-437 1592. Evgs. 8.15. Matinee Wed. 3.0. Sat. 6.0 and 8.40. PETER BARKWORTH, PETER JEFFREY and "PENELOPE KEITH, the funniest woman in the West End." Guardian. DONKEY'S YEARS "MICHAEL FRAYN'S delightful comedy." Evening Standard. "Two hours of bubbling laughter." Daily Mirror.

GREENWICH. Crooms Hill, S.E.10. 858 7755. Tnt. 7.30, tmr. 2.30 and 7.30. SCRIBES by Barrie Keeffe. "It gets Greenwich's new season off to a good confident start." Guardian. Last Week. *From Wed.: DIANE CILENTO as* THE ARTFUL WIDOW

HAYMARKET. 930 9832. Evenings 7.45. Mat. Wed. 2.30. Sat. 5.0 and 8.15. "A PLEASURE TO WATCH." D. Tel. Googie WITHERS, Susan HAMPSHIRE, John McCALLUM, Clive FRANCIS, Martin JARVIS and Bill FRASER in Somerset Maugham's THE CIRCLE "I was delighted with this production at Chichester — I am now completely enraptured." Evening News. "Theatrical magic—acting of the highest order." Jack Tinker, Daily Mail.

HER MAJESTY'S. 930 6606. Evg. at 8.0. Fridays and Saturdays 5.45 and 8.30 IPI TOMBI "PULSATING MUSICAL." Evening News

KING'S ROAD THEATRE. 352 7488. Mon. to Thur. 9. Fri. Sat. 7.30, 9.30 THE ROCKY HORROR SHOW BEST MUSICAL OF THE YEAR NOW IN ITS 4th ROCKING YEAR

LYRIC. 01-437 3686. Evenings 8.00. Mat. Wed. 3.00. Sat. 5.30 and 8.30. SHEILA HANCOCK, JOHN MOFFATT in THE BED BEFORE YESTERDAY by Ben Travers "Still the funniest comedy in London." Daily Mail. "Wittiest sex comedy of the year." Daily Express.

LYTTELTON (new National Theatre). 928 2252. Ton't & Mon. 7.45. Tomor. 2.30 & 7.45 JUMPERS by Tom Stoppard; Thu. 7.45 The Force of Habit. Over 100 excellent £1 seats on sale day of perf. from 8.30 a.m. Car park open eve. perf.

MAY FAIR. 629 3036. 492 2031. Tonight and tomor. 6.0 and 8.45. The crowned clown prince of satire, ANNA RUSSELL "Last night's audience hysterical with laughter." Financial Times. Seats from £1.10. Dinner-Show £8.60 MUST CLOSE TOMORROW

MERMAID. 248 7656. Food 248 2835. Evenings at 8.00. FOR KING AND COUNTRY by John Wilson "A riveting production . . . as splendid a play as 'Journey's End'" Daily Express "Compulsive . . . Paul Copley is simply superb." Daily Telegraph. Restaurants open noon and 6.30.

### THEATRES

NATIONAL THEATRE. See OLIVIER AND LYTTELTON.

OLD VIC. 01-928 [illegible] LIMITED SEASON. Three weeks. Evenings 7.30. Mat. Sat. 3.00 LEONARD ROSSITER, JOHN [illegible] DILYS LAYE, JOHN PHILLIPS in PETER BARNES' FRONTIERS OF FARCE by FEYDEAU and WEDEKIND "I CANNOT REMEMBER HAVING SEEN A FUNNIER PLAY." [illegible] "I LAUGHED LIKE A DRAIN." [illegible] "ENORMOUSLY FUNNY." Daily [illegible]

OLIVIER (new National Theatre) 928 [illegible] Ton't, Mon. & Tue. 7.30. Tomor. [illegible] 2.15 & 7.30 PLAYBOY OF THE WESTERN WORLD by J. M. [illegible] Thu. 7.30 IL CAMPIELLO. Over [illegible] excellent £1 seats on sale day of perf. *from 8.30 a.m.* Car park open [illegible] performance.

PALACE. 01-437 [illegible] Mon.-Thurs. 8.00. Fri., Sat. 6.00 [illegible] JESUS CHRIST SUPERSTAR

PALLADIUM. 01-437 7373. (Until Sat.) Tonight and tomor. 6.15 and 8.45 FREDDIE STARR Special Guests GUYS 'N' DOLLS, and Full Supporting Company

PALLADIUM. 01-437 7373. For 1 week only. Opening Mon. Nov. [illegible] at 7.30. Tue. Thur. Fri. 8.45. Wed. Sat. 6.15 and 8.45. CHARLES AZNAVOUR VIKKI CARR

PALLADIUM. 01-437 7373. BOOK NOW FOR PETULA CLARK 8 PERFORMANCES. Nov. 8-13.

PICCADILLY. 437 4506. Mon. to Fri. 8.0. Saturday 5.30 and 8.30. Mat. Wed. 3.00. Jerome Kern's Hit Musical VERY GOOD EDDIE "LOVELY to look at, DELIGHTFUL to hear and HEAVEN to watch." S. Exp. "Absolutely enchanting. I really loved it." N.Y. Times. Over 250 PERFS.

PHOENIX THEATRE. 01-836 8611. Evenings 8.15. Fri., Sat. 5.45 and 8.45. CARTE BLANCHE The SEXIEST SHOW IN LONDON "SUMPTUOUSLY STAGED." D. Tel.

PRINCE OF WALES. 01-930 8681. *Evenings 8.00. Fri., Sat. 6.00 and 8.45.* MICHAEL CRAWFORD FRANCES CUKA in SAME TIME NEXT YEAR "SIMPLY GREAT." Daily Mail. "TRIUMPH FOR CRAWFORD." D. Exp.

[illegible] 1-734 1166. Evenings 8.00. Mat. Thur. 3.00. Sat. 5.00 and 8.30. ALEC GUINNESS, NICOLA PAGETT, MARK KINGSTON, ANGELA THORNE in YAHOO "Spellbinding theatre." D. Tel. "Alec Guinness is utterly compelling." Gdn.

RAYMOND REVUEBAR THEATRE. 734 1593. At 7, 9, 11 p.m. (Opens Suns.) PAUL RAYMOND presents THE FESTIVAL OF EROTICA 76 FULLY AIR-CONDITIONED. You may drink and smoke in the Auditorium

REGENT. 323 2787. Evenings 8.30. Friday and Saturday 7.00 and 9.15. THIRD ECSTATIC YEAR New Cast! New Excitement! LET MY PEOPLE COME AN ADULT MUSICAL "Never a dull moment." Evening News 100 tickets held for sale at door.

ROYAL COURT. 730 174[illegible] Opens Wed. at 7. Sub. eves. 8. Sat. and 8.30 MUSTAPHA MATURA'S RUM AN COCA COLA

SAVOY. 836 8888. Evenings at 8.0[illegible] Sat. 3.00 and 8.00. Matinees Wed. 2.3[illegible] ROBERT MORLEY, GEORGE COLE in BEN TRAVERS' BANANA RIDGE "HILARIOUS SUCCESS." D. Tel.

ST. MARTIN'S. 836 1443. Evenings 8.0[illegible] Mats. Tues. at 2.45. Sat. 5.00 and 8.0[illegible] AGATHA CHRISTIE'S THE MOUSETRAP World's longest-ever run. 24th Y[illegible]

SHAW. 01-388 1394. Evenings 7.[illegible] ROMEO AND JULIET

STRAND. 01-836 2660. Evenings 8.[illegible] Mat. Thurs. 3.00. Sats. 5.30 and 8.[illegible] Doris Hare, McDonald Hobley, *Arthur Howard, Barry McGinn* NO SEX PLEASE —WE'RE BRITISH Directed by Allan Davis. The World's Greatest Laughter Mak[illegible]

TALK OF THE TOWN. 01-734 50[illegible] FULLY AIR-CONDITIONED From 8.15. Dining and Dancing. At [illegible] Revue SWEET TEMPTATION at 11 p.m. DREAM EXPRESS

*THEATRE UPSTAIRS.* 730 2554. Even[illegible] 8.15. AN' ME WI' A BAD LEG TAE Billy Connolly.

VAUDEVILLE. 836 9988. Evgs. [illegible] Mats. Tue. 2.45. Sats. 5.30, 8.30. *IAN CARMICHAEL* JULIA LOCKWOOD, PHYLLIDA [illegible] reducing a sophisticated first [illegible] audience to HYSTERIA (Gdn.) [illegible] PADDICK INSPIRED COMEDY. *OUT ON A LIMB* "The perfect modern comedy of [illegible] (Yorks Post). 'HOOTS OF MIRTH' [illegible] Exp.). 'The evening crackles [illegible] GLORIOUS FARCE' (Times).

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YOUNG VIC (by Old Vic). 928 6[illegible] Tonight 7.45: ANTONY & CLEOPATRA (All seats 80p.)

### CINEMAS

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CASINO. 437 6877. THUNDERBOLT AND LIGHTFOOT (X) at 2.40 (not Sun.) 6.35. THE WAY OF THE DRAGON at 4.55 and 8.55. Late show Fri. [illegible] 11.15 p.m. LAST 6 DAYS.

CURZON, Curzon Street, W1. 499 [illegible] COUSIN COUSINE (AA). English [illegible] titles. Progs. at 2.30 (not Sun.) [illegible] 6.25 and 8.30. "WINSOME, E[illegible] ABLE AND STILL FRENCH." Obse[illegible]

EMPIRE. Leicester Sq. 437 123[illegible] [illegible] may be booked at the box office or by post. THE GREAT GATSBY Sep. perfs. Progs. 2.10, 5.10 [illegible] Late show Sat. 11.10 p.m.

LEICESTER SQUARE THEATRE (930 [illegible]) Neil Simon's Comedy MURDER BY DEATH (A). Sep. progs. Dly. 2.30 [illegible] 8.30. Late show Fri. & Sat. 11.45.

ODEON HAYMARKET (930 2738/2771) TAXI-DRIVER (X). Sep. progs. Dly. [illegible] 4.45, 8.15. Late show Fri. & Sat. [illegible] Ft. times Mons.-Suns. inc. 2.05, [illegible] 8.50. Late show Fr. 12.20. All seats [illegible] be booked.

ODEON LEICESTER SQUARE (930 [illegible]) Richard Harris in THE RETURN OF A MAN CALLED HORSE (AA) in 70 [illegible] Sep. progs. Dly. 12.05 (not Sun.) [illegible] 5.30 8.25. Late show Fri. & Sat. 11[illegible] Seats bkble. by post or at Box Office Mon.-Fri. 8.25 prog. and Sat. & [illegible] all progs.

CINEMAS ARE CONTINUED ON PAGE 37

هكذا من الأصل

CONSUMER AFFAIRS IN AMERICAN COMPANIES

# A new job title to meet a craze

**American business is now reacting to consumer pressure groups by creating special consumer affairs departments in companies. ELINOR GOODMAN, who recently visited the U.S., looks into how effective these new specialists can be in influencing policies.**

AMERICAN BUSINESSMEN ave not shown any more nthusiasm by and large for he demands of consumer pres- ure groups than have their ritish counterparts. But they ave been rather quicker to xploit the trend so that almost very self-respecting commer- ial organisation in the U.S. ow seems to have someone on eir payrolls with the word consumer" in their job title. More than 300 American com- anies have now formally estab- shed a separate consumer ffairs department, some of em employing over 100 people ch.

Western Union Telegraph re- ntly appointed a former ember of the Federal Trade ommission at a salary equiva- nt to more than £30,000 a ar as its vice president in arge of consumer affairs, hile Coca Cola hired the rmer director of consumer rotection for the State of ichigan. President Ford, after e style of President Johnson, as his own consumer affairs lviser while President John- n's ex-adviser, Mrs. Esther eterson, now works for the iant Foods chain.

The consumer affairs execu- ve is one of the newest and stest growing additions to the rporate hierarchy of Ameri- n business. Dismissed by some the pressure groups as mere ndow dressing, the breed of ecutives — many of whom e female — started emerging the late 1960s and blossomed the early 1970s. Their deve- pment was due to a number factors, not the least of which is the increase in anti-busi- ss feeling in many quarters d the mounting criticism of nsumer activists.

## Bandwagon

Some companies were looking r a way of dealing with phisticated consumers and eir distaste with the deper- nalisation of the marketplace, ile others were primarily ncerned with improving their age and saw the burgeoning nsumer movement as a worth- hile bandwagon.

While some companies merely anged the title of their pub- relations departments, others eated new powers. When, for ample, Mrs. Esther Peterson, the acknowledged queen mother of consumer advisers, joined Giant Foods she was told she could try anything as long as it did not affect the company's profitability. Such new powers were not, of course, entirely altruistic but amounted to a recognition of the fact — long repeated by management but not always reflected by their actions — that better consumer service can mean higher profits.

But the move paid off for Giant, which staged something of a public relations coup in getting Mrs. Peterson—once described as the "greatest threat to *private enterprise* in America" because of her affilia- tions both with Johnson and the union movement. Not all her moves were successful—she had to accept that a plan she drew up to put soft drinks into safer containers was a money-loser. But other innovations she helped introduce, such as unit *pricing*, a *shopper's "bill of* rights" based on President Kennedy's Consumer Bill of Rights, open dating, the right for an unconditional money- back guarantee and the drop- ping of trading stamps, appear to have been appreciated by shoppers who pushed up the company's share of the food trade in Washington by 6 per centage points over six years.

Not surprisingly, in view of Giant's experience, almost all the major American super- market groups now have senior consumer affairs advisers—some also have consumer advisers in their stores.

But the growth of consumer affairs departments has gone far beyond retailing and other industries which have direct consumer contact. The New York Life Insurance Company, the Ford Motor Company, Corn- ing Glass Works and the Zenith Radio Corporation have all re- organised and regenerated their consumer affairs departments over the past few years.

Three years ago the consumer advisers formed their own association—the Society of Con- sumer Affairs Professionals (SOCAP). It now has some 600 members who periodically meet to examine their consciences and to try to define their func- tion. According to a survey carried out by the business- financed Conference Board on consumer affairs departments, *three-quarters of those studied* had been formed during the last five years. Just over 60 per cent. of them operated as self- contained units and reported to *general management—rather* than, for example, being part of a marketing division—while 18 per cent. reported to the public relations executive.

The exact *responsibilities of* each consumer department obviously differed but among the functions most commonly listed were complaints handling, communication with consumers about the company's products, liaising with consumer groups, and acting as the company's internal consumer ombudsman. The common management view in the companies studied was that the cost involved in setting up such departments was worth- while *because the consequences* of continuing without them would have been more expensive.

Just how much real powers these advisers have on behalf of the consumer is a matter of debate and the consumer groups tend to be suspicious of most of them. *Few advisers for example* have as much theoretical power as Gillette's vice-president of "Product Integrity" who has authority to re-call defective products and quash any advertis- ing claim which might be against the consumers' interest. A survey of its members carried out by SOCAP showed that per- suading company managers to take consumers seriously was a problem, as was putting the message across to the other autonomous groups within com- panies and obtaining enough money to perform their job properly. Sometimes it seems that while top management may be attracted to the idea of con- sumerism, middle managers are less impressed.

## Cosmetic

The critics of these newly- created departments, which are usually staffed by people with backgrounds in either market- *ing or product service*, claim that all too often the reorgani- sation is little more than cosmetic. They say that the departments do not reflect any real change in thinking although some acknowledge complaints are dealt with more quickly. As mem- bers of a new profession, *the consumer affairs advisers* are themselves still exploring their function. Some say that their job is to act both as a consumer's ambassador to management and the manage- ment's ambassador to the consumer. Mrs. Peterson, how- ever, says it is impossible to combine *these functions* and that the priority must be to represent the consumer's interest to management. Even so, rather to the surprise of some of her colleagues in the consumer movement, she has agreed to appear in commercials for Giant, provided she approves the product.

She says she accepts that companies are not in business to "provide social welfare. If I am used for PR sometimes, OK. You can't be a purist in this game." Now around 70, Mrs. Peterson will soon retire but most of those who criticise the proliferation of consumer affairs specialists would say that her soul has remained purer than those of a lot of people in the sort of position she holds. This is partly a re- flection of her personality but also of the fact that she was already a national figure when she joined Giant and was there- fore considered worth listening to.

Not all her counterparts are so lucky. The consumer affairs adviser of one big food group complains bitterly—but anony- mously—that the management only listens to her when it suits them. "They appointed me as a knee-jerk reaction to con- sumerism and now they don't know what to do with me."

Mrs. Virginia Knauer, Presi- dent Ford's consumer affairs adviser, says she welcomes the way companies have put new stress on the consumer side of the business. As a good Repub- lican herself, Mrs. Knauer favours the voluntary approach to improving the consumers' lot rather than *legislation* and points to the way food retailers have voluntarily adopted unit pricing in response to consumer demands.

## No conflict

In her view there is no con- flict between what is good for the consumer and what is good for the company. In a competi- tive market, she says, good customer service will show up in the *profit* figures. "Con- sumerism is a competitive device and he who *survives* the test is in for a pleasant surprise in the balance sheet."

Whatever conflict there may be however between company and consumer interest becomes even greater if the definition of the consumer is expanded—as the Nader groups and some others would *like* it to be—into the broader definition of anyone who is affected by a company's activities. A reduction in the air pollution round a factory, for example, might be in the in- terests of the consumers of that air but it might equally well mean less profit for the com- pany running the factory. According to Mrs. Knauer, it's all a question of balance: "There has to be give and take on all sides" but for the person in the middle, it could be difficult.

U.K. SALARY SURVEY — BY NICHOLAS LESLIE

# More employees receive free medical insurance

AN INCREASING number of companies has been providing *executives with free medical* insurance in the last five years. However, the growth rate of such insurance—disclosed in a survey published yesterday— has been restricted in the past year, possibly because the Government has extended the tax liability on this fringe benefit.

The survey, produced by Inbucon/AIC Management Con- sultants, also examines mana- gerial pay and finds that while the average salary for mana- gers rose by 61.3 per cent. gross 51.7 per cent. net—in the four years to July 1, 1976, the Retail Price Index increased by 83 per cent. in the same period.

The survey says it is clear that the national pay policy "has been very closely *followed*," in the year under *review* when the average gross salary increase of people covered in the survey was 7.5 per cent., or £494. But it is pointed out that the survey *starts from July*, 1975, whereas the £312 a year limit was intro- duced in the August. This indicates that a lot of companies were paying out salary rises in the month prior to introduction of the policy.

## Increase

The rate of salary increase was therefore considerably less than the 23 per cent. seen in the previous 12 months which gave rise to an average salary rise of £1,224 a year.

The U.K. Inbucon survey covers 572 companies and 7,044 executives. *Of the companies*, 355 participated in the 1975 survey while 22 per cent. of them were U.S.-owned and 8 per cent. were subsidiaries from other foreign countries.

The percentage of people given free medical insurance has more than doubled over *the past five years*. In 1971 17.5 per cent. of employees covered in the survey received this insurance. By 1973 this had risen to 26.4 per cent. and by 1975 it was 37.9 per cent. However, notification by the Government in 1975 that from this year everyone would be liable to pay tax on insurance premiums paid by companies had a marginal effect and the percentage dropped slightly to *37.3 per cent. by July, 1976.*

Not unexpectedly, company cars figured high on the fringe benefit list. They were allo- cated to 54.6 per cent. of the employees surveyed in 1971 and 62.3 per cent. in 1976. However, the most widely enjoyed fringe benefit was subsidised lunches, which were available to 67.3 per cent. in July this year.

## Typical

*From its statistics the sur-* vey describes the typical U.K. executive as aged 44 and having been with his company for 13 years and in his present job for five years. He has a company car, a contributory pension scheme and he has four weeks' holiday a year. His salary is £7,118 and he pays tax of £1,923. Any rise this year can only be £208, or 3 per cent. of gross salary, which compares with a 14 per cent. or more annual rise in retail prices. The *survey* com- ments: "His morale is unlikely to be high."

Of the executives covered in the survey, 74 per cent. earn more than £5,000 which, assuming a man is married with two children but has no mort- gage interest or other similar allowances — produces £3,822 net Of the remainder, 15 per cent. earn over £10,000 £6,623 net), 3.6 per cent. earn over £15,000 (£8,393 net) and 1 per cent. over £20,000 (£9,725 net). The highest salary recorded exceeded £50,000 (£16,955 net).

In a breakdown of industrial groups, managing directors of companies making pharma- ceuticals and toilet preparations emerged as the best paid with an average salary of £17,383, whereas the same position in mechanical engineering com- manded only £11,520. Respective salaries for the middle manager of a unit within these types of company were £5,194 and £4,642.

The average salary of a managing director varied con- siderably according to the num- ber of employees—£10,476 with less than 250 employees, £13,226 with between 500 and 999, £18,145 between 2,000 and 4,999 and £29,550 with 10,000 and above. Salaries for personnel executives rose similarly from *£4,968 to £6,123, £7,906 and* £10,239. For production con- trollers the figures were £4,192, £5,137, £6,089 and £8,192 and for heads of research and de- velopment *they* were £6,474, £6,806, £9,065 and £13,541.

The survey also looked at the proportion of managers who have a qualification, either aca- demic or professional, which is specifically appropriate to their job. Finance and research executives were the most quali- fied. Among 731 financial executives polled, 81.3 per cent. were qualified and of the 200 who were also company direc- tors the proportion was 94.5 per *cent. Of 188 heads of research* and development 86.7 per cent. were qualified, although the percentage drops marginally to 86.4 per cent. in respect of the 59 who were also directors. One of the lowest incidences of qualifications was among pur- chasing executives where only 30.9 per cent. of 434 surveyed were qualified and only 33.3 per cent. were of the 24 who were directors.

## Bonuses

Perhaps because of pay policy limitations, bonus payments are *still a relatively uncommon* feature among executives although they increased pro- portionately from 31.1 to 33.9 per cent. in the year to July 1976 and for some people repre- sented an important element of their total pay. Among manag- ing directors 35.5 per cent. re- ceived a bonus, the average being £3,438, representing 26.6 per cent. of the average salary of £12,915.

This was the highest percent- age of bonus to base salary recorded, the next being sales executives whose average bonus of £1,643 represented 20.2 per cent. of an £8,116 average salary. Among heads of work study 29.1 per cent. received bonuses, but the average of £348 represented only 7 per cent. of a £4,992 average salary.

*Executive Salaries and Fringe Benefits in the U.K. 1976, Inbucon/AIC Management Consultants. 197 Knightsbridge, London SW7 1RN, price £40.*

THE FINANCIAL TIMES
(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1884)
Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London
Telex: 886341/2, 883897
For Share Index and Business News Summary Ring: 01-246 8026
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Bonn: Pressehaus 11/104 Heussallee 2-10 210039
Frankfurt: Frankfurt am Main. Im Sachsenlager 13 555730 (editorial) 554667 (business)
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FRIDAY, OCTOBER 29, 1976

# Think of a number

THE HOUSE of Commons Expenditure Committee has this week been concerned with discussing two separate memoranda prepared for it by the Treasury. The first, and by far the more important, deals with the planning and control of public expenditure — in particular, with the new system of cash limits. Discussion of this paper will be resumed next week, but two points seem already to have emerged. The former is that the new system is by no means automatic. If a department appears to be under-spending or—what is more probable, especially this year—over-spending, a particular decision has to be taken on the adjustment which must be made to its original cash limit; this also applies to over- and under-spending in individual blocks covered by the same department. Similarly, the means being used at present to keep local authority spending under as tight control as possible risk running up against statutory duties to provide minimum levels of service and leave open the question whether or not major constitutional changes will eventually be needed to control public expenditure as a whole.

### Expenditure

The latter point to have emerged from the public expenditure discussion is that, for all its theoretical weaknesses, the new system is working reasonably well in practice. Because a large proportion of central Government expenditure is pay, the difference between outgoings and the original cash limit may not be all that great except in cases—for example, the National Health Service bill for drugs—where payments abroad are relatively large. The major problem in this first year, which will be less serious in 1977/78, is that not yet enough information is at present available about the profile of spending programmes during the course of the financial year, though it is now being systematically accumulated. The change that seems to have been decisive in practice, however, is that any expenditure to be debited to the Contingency Reserve now has to be referred to the Cabinet. Ministers may still over-spend, but at least they cannot now do so without they themselves and their colleagues being aware of it.

The other memorandum submitted by the Treasury is both more technical and less important. It is concerned with a revised presentation of the public sector accounts which seeks to straighten out various anomalies and to make it easier to compare total public spending in this country with that in others. On the technical side, all that need be said here is that the changes suggested appear to be sensible so far as they go but to leave some existing anomalies behind while creating other new ones.

### Comparisons

The revised presentation would reduce public sector expenditure as a proportion of GNP from 59/60 to 52 per cent., where it is much more in line with the proportions quoted in other countries. Politicians may regard the "presentational" point as important. But, in the first place, exact comparisons are extremely difficult, because of differences in institutional structure as well as of definition. In the second place, it would not be difficult by making further adjustments—for which a reasonable case could be made out—to reduce the figure to something like 45 per cent., or even lower still.

In the third and most important place, however, these figures are meaningless. There is no magic number, pace the new Nobel prize-winner in economics, Professor Milton Friedman, which represents a transition from solvency and order to economic and political disorder. The present level of public expenditure in this country is obviously too high, since it cannot be financed by non-inflationary methods without keeping the level of activity in the private sector considerably lower than it could otherwise be. But it will not necessarily be running at some objectively right level when the figure has been artificially or genuinely reduced to some lower percentage. If economics were as simple as that, we would have no need of professors.

# Time to secure a fishing policy

IT MAY be hard to believe for those not obliged to follow these things, but Britain may be approaching another fishing dispute with Iceland. The agreement finally reached last June runs out at the beginning of December. That agreement was scarcely a triumph of British diplomacy and indeed involved accepting a catch lower than had originally been offered in negotiations before the cod war began. But it was an acknowledgment that the war could not be won except by a degree of force that it would have been politically out of the question to use, and also an acceptance that the 200-mile fishing limits declared by the Icelanders were on their way to becoming the rule rather than the exception. Not least, it bought time for Britain to work out its own future fishing policy within the context of the European Community. The next negotiations with Iceland were to be conducted not by Britain, but by the Community as a whole.

### Quotas

That time has not so far been used. The Community has yet to agree on the timing and details of its own joint move to 200 mile limits. There has been no agreement on the rights of the coastal State within the new limits and there is still no mandate for negotiations with third countries such as Iceland and—almost as important—Norway. Meanwhile, the international move to 200 mile limits goes on. Canada, Norway and the U.S. are all due to act early in the New Year.

The principal reason for the Community's failure to make progress has been the division of opinion about exclusive national zones within the 200-mile Community limits. The British and Irish have demanded zones of up to 50 miles, though the British have also said that they would be prepared to accept a more flexible system under which the British zone could in places be much narrower. The Brussels Commission and the rest of the Community have preferred instead a quota system for member countries with the exclusive zone no more than 12 miles.

It has long been clear not only that the demands for wide exclusive zones were unlikely to be accepted, but also that much the same objectives of ensuring a certain catch and the preservation of stocks could be achieved by the quota system. For what matters is how the quotas are worked out and how far the coastal State has control over conservation and, ultimately, enforcement policy. If the British Government were able, even at this late hour, to bring itself to accept this, it could have considerable influence on the way the quota system is put into effect.

As it is, time is running out. There will be a meeting of Community Foreign Ministers in Holland this week-end which will be devoted almost exclusively to the fisheries question. If it fails to reach agreement, the last chance will probably rest with the Community summit meeting at the end of November—only a day or two before the Icelandic agreement expires. It is a measure of the misguided nature of British policy that the Foreign Office in London has already started talking about the possibility of again having to deal with Iceland bilaterally as if this were some kind of threat. It is, in fact, no more of a threat to anyone than the bluff by Mr. Crosland, the Foreign Secretary, that Britain will declare its own 200-mile limits on January 1, if the Community has not agreed by then on joint action. The fact is that Britain could no more enforce its own 200-mile policy alone any more than events have shown it can deal with Iceland alone. It needs Community support, and the way to win that support is to accept Community proposals in principle and then work on improving them.

# The embarrassing Japanese trade surplus

By CHARLES SMITH, Far East Editor, in Tokyo

JAPANESE officials are wary of saying so openly, but their estimates for the country's trade and payments performance are proving to be wildly off the mark—on the credit side, of course. Japan originally thought that it would emerge from this fiscal year (ending in March, 1977) with a visible trade surplus of $4bn. and a current account deficit of about $2.7bn. Now it is being whispered in official circles in Tokyo that the trade surplus could well be over $7bn., and in unofficial circles that it might be as much as $10bn.

Such figures are a change from the situation of two or three years ago when Japan was worrying about its ability to pay for oil at treble the pre-1973 price, but to-day's situation also has its embarrassments. Japan has come under very severe pressure already this year to restrain the exuberance of its exports to the U.S., where it looks like running a $3bn. trade surplus over the fiscal years. It could have even worse trouble with Western Europe where, in spite of reassuring noises made last week by a mission of top industrialists from the Keidanren (Japan's equivalent of the CBI), resentment against Japanese exports still appears to be intensifying.

The Keidanren president, Mr. Toshiwo Doko, evidently felt alarmed enough after his talks with the EEC commission to tell a Press conference that Japan was ready to place voluntary restraints on its exports to Europe. But restraints of a kind are in force for certain industries already, without any very evident signs that the overall impetus of Japanese exports is being blunted.

How the trade surplus became so embarrassingly large is by now fairly clear. Japan's economy was still in the doldrums at the end of last year when demand was starting to pick up strongly in the U.S. Wholesale prices had been almost stable for a year and the price index for Japanese exports was actually down over the year by almost 9 per cent. American importers of Japanese cars and TV sets had run down their stocks to the minimum (about six weeks' supply in the case of cars) and were starting to build them up again in a hurry. Meanwhile, in Japan itself, the motor industry faced a discouraging situation with the prospect that recently introduced emission controls would dampen demand for cars that were going to be more expensive and less powerful than their predecessors.

So far as the internal effects of the export boom were concerned, it seems, in retrospect, that Japan would not have enjoyed the modest economic recovery it experienced this spring without the support of the booming U.S. market. The rate of growth in GNP during the first of the year over the last quarter of 1975 was a satisfactory 3.2 per cent., but the industries which contributed to this growth were, almost exclusively, those which were making a killing in the U.S.

The motor and electrical industries — and any others that could do so — seized their American opportunity and, from about December onwards, started pouring their products into the U.S. at a rate which took almost everyone by surprise. Car exports to America during the first six months of 1976 were nearly twice as high as they had been a year earlier, while TV shipments were up almost three times.

One result of booming exports in the earlier part of the year was to direct foreign attention to the exchange rate of the yen which was showing a considerably smaller rate of appreciation from its Smithsonian parity than other strong currencies such as the D-Mark and the Swiss franc. The Bank of Japan, however, bought dollars during April and May, thus delaying by up to three months (in the view of one well-informed Japanese banker) the appreciation by 4 per cent. or so of the yen parity which took place between June and August.

The American export boom is now very definitely tailing off. The replenishment of stocks held by U.S. distributors, the belated upward adjustment of the yen rate and the agonised (or threatening) noises being made by some American industries combined to take the edge off the Japanese export offensive from July onwards. For July and August together the seasonally adjusted average export rate to t'e U.S. was actually somewhat below that for the previous quarter. The American ambassador to Japan said recently the U.S. was no longer worried about the short-term movement of its trade balance with Japan, since the balance was only $100,000 in Japan's favour between July and September.

The situation in Europe is different. The latest figures show that the boom in Japan's European exports, which started later than the American export boom, is still continuing, with third-quarter exports almost certainly showing a rise over the second quarter, and the deficits of most European countries with Japan continuing to increase. The reason why the EEC is continuing to complain about its export imbalance with Japan when the U.S. has, at least temporarily, ceased to do so is, however, not simply a matter of short-term trends. Europe can plausibly argue that it suffers from a chronic imbalance of its trade with Japan, whereas the U.S.-Japan imbalance appears to be a cyclical phenomenon reaching its peak during or after Japanese recessions.

The U.S. has what can reasonably be termed a complementary trade relationship with Japan, buying large quantities of cars, TV sets, and other consumer products, but supplying in return both highly sophisticated goods like aircraft and computers and primary products like coking coal and wheat. Europe, by contrast, is basically trying to sell Japan the same kinds of things that Japan is selling to it. The Japanese started earlier, and have tried harder to develop the European market than European exporters did in Japan. Hence the EEC deficit with Japan which amounted to $300,000 in 1970 and to $3.2bn. last year.

The European predicament vis-à-vis Japan is not only a problem for Europe. It is also symptomatic of basic imbalance in Japanese trade with the outside world, which even the Japanese admit will one day have to be corrected. Japan makes its living by importing vast quantities of raw materials and processing them into manufactured products which usually contain a relatively low proportion of value added. Japan also invests abroad and will do so much more heavily in years to come, and runs a big invisibles deficit (currently around $6bn. per year). It therefore needs to earn a continuing visible surplus, and the only way it can do so is by exporting far more manufactured goods than it imports.

A mere 20 per cent. of Japanese imports are currently accounted for by manufactured goods, with the rest of the import bill made up of oil (34 per cent.), industrial raw materials (about 25 per cent.) and food. Most other advanced countries spend as much as 50 per cent. or 60 per cent. of their import bill on manufactures, and thus represent much bigger markets for one another, at least in relation to the size of their economies, than Japan does.

If the present Japanese course is maintained into the 1980s, it could lead (according to an estimate published 18 months ago by the non-governmental but highly regarded Japan Economic Research Centre) to a visible surplus in trade with the EEC of about $17bn. by 1985. As it happens, that would be slightly less than the deficit Japan by then expects to be running with the Middle East oil producers.

The Japanese Government seems not to have given much thought to the possible implications of such an imbalance with a single region during the two years or so following the 1973 oil crisis. It was far too busy during that time coping with the effects of tripled oil prices, domestic inflation, and with the acute recession which followed. Recently, however, the growth of the trade surplus and the protests from trading partners have obliged the Japanese to consider the problem. The official long-term view on how the problem can be solved can be stated under two headings:

● As times goes on, Japan will tend to consume less raw materials in relation to its industrial output and will therefore (in theory) no longer have to push out such big quantities of manufactured exports in order to pay for its imports. The trend towards lower raw material consumption will be accomplished by increasing the contribution of high value-added industries to Japan's GNP and reducing the relative importance of low value-added industries such as shipbuilding and steel.

● Japan will diversify its exports both in terms of markets and products so as to cause less trouble to individual countries in the outside world. So far as markets are concerned, there will be more scope for trade with the more advanced developing countries such as Brazil, Iran or Nigeria, and also perhaps with some members of the Communist bloc. China, which is in a position to supply Japan with huge quantities of raw materials and which represents an equally vast potential market for Japanese capital goods exports, is a possible complementary trade partner for Japan, but its emergence in this role depends on the political will of the Chinese Government.

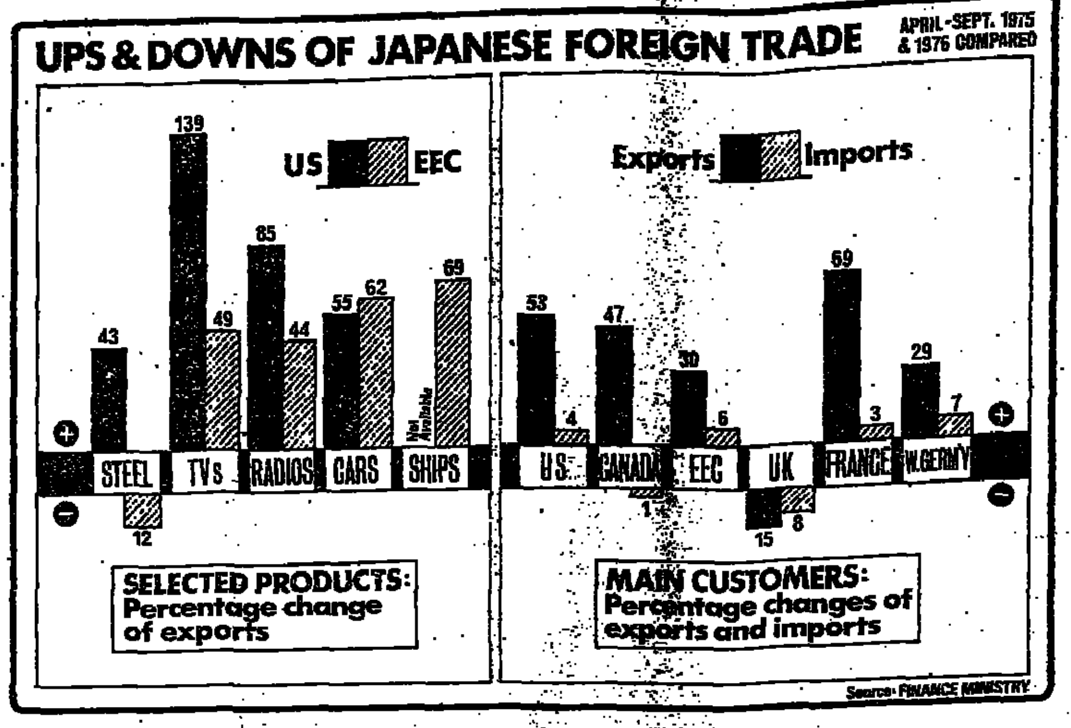
Turning from market to product diversification, the Japanese see a future for themselves as suppliers of industrial plant to the developing world which they believe would be less productive of friction than their present role as suppliers of consumer goods to the markets of other developed countries. Japan was a minor exporter of plant until a year or two ago, but this year the country looks as if it may achieve the target of $1... worth of new contracts set... the Ministry of Internati... Trade and Industry (MITI). ... next year MITI's target ... $200bn.

Japanese expectations ... trade diversification and ... raising the value-added elemen... in Japanese industry are con... vincing as far as they go. ... raw material element in Japa... industrial output is, in ... already beginning to fall, par... because Japan has found w... of economising oil since ... 1973 crisis (its imports this ye... will be about 200m. barrels le... than in 1973), and partly because the higher value-added industries are actually gaining ground at the expense of tradi... tional heavy industries such as steel and shipbuilding.

The irony, however, is that for the time being reduced raw materials needs are throwing Japan's trade even more out of balance. Japanese economic planners would probably breathe a sigh of relief if they were to learn in the next month or so that this year's material import requirements had been understated in the forecasts for the year, instead of considerably overstated as appears to have been the case. So far as the much discussed high value-added industries are concerned it is these very industries, or some of them (cars, TV sets and a few others) which are currently causing the biggest disruption in the markets of Japan's trading partners.

The clue to the paradox is, of course, that Japan does not only need to import fewer raw materials a:: add more value to them before re-exporting them again, it also needs to make a very deliberate effort to step up its imports of manufactured goods from other developed countries. Japan must fin: a way of increasing its car imports above the present level of about 1.7 per cent. of domestic registrations if it is to stave off crisis in its relations with other car exporting countries. It must also find ways to import a wide range of consumer and capital goods which the Japanese are (correctly) convinced they can make extremely well for themselves.

The Ministry of Internationa... Trade and Industry accepts this principle, and its vice-minister last week told his British oppo... site number, Sir Peter Thorn... ton, that the government wa... ready to take steps to increas... manufactured imports (no... merely whisky, woollens, food and tobacco, but cars, aircraf... or defence equipment) fro... Britain. MITI clearly mea... what it says, and so do th... Keidanren businessmen who i... cluded a pledge about increasi... British imports in the joint co... munique signed with the C... last week. This does not al... the fact that most of the re... work in opening the Japane... market to British imports s... remains to be done.




**THE JAPANESE CURRENT ACCOUNT**
(U.S. $ millions)

| | 1975 Year | 1975 Jan.-March | 1976 Jan.-March |
|---|---|---|---|
| Merchandise exports | +54,734 | +12,879 | +14,142 |
| Merchandise imports | −49,704 | −12,224 | −12,670 |
| Service exports | +13,497 | + 3,393 | + 3,325 |
| Service imports | −18,853 | − 4,906 | − 4,844 |
| Net transfers | − 355 | − 67 | − 67 |
| Current account | − 682 | − 925 | − 111 |

Slight discrepancies of terminal digits due to rounding.

# MEN AND MATTERS

## Insurance inflexibilities

The Insurance Companies (Intermediaries) Regulations 1976 which came into force on October 11 seemed straightforward enough in that they required an insurance salesman to tell a customer in writing of certain links his firm may have with the companies whose policies he is selling or recommending. It has resulted in leading insurance brokers Willis Faber and Dumas severing their links with the Cornhill Insurance company—which it founded in 1905.

Although the majority shareholding of Cornhill went to Thomas Tilling in 1944 and the remainder in 1973, Willis Faber still had two directors on the Board: Julian Faber and Ronald Taylor. Yesterday, it was announced that they had both resigned their Cornhill directorships because of the obligations imposed by the regulations.

Taylor explained that had they remained on the Board and a clerk with Willis Faber had failed to disclose the connection verbally and in writing, they could be subject to criminal prosecution. Willis Faber felt that this put too large a responsibility on its staff.

The Department of Trade declared: "People who buy insurance policies through intermediaries sometimes receive advice without also being told of any connections there may be between intermediaries and insurers, which may influence that advice. The new regulations are intended to bring these matters into the open, and also to specify how their existence should be made known to prospective policyholders."

Sounds rather inflexible, and Taylor said that they had sought exemption from the regulations but there was no provision for such a move. But who would have faced punishment? The Department of Trade confirmed that failure to comply with the regulations was a criminal offence, the penalty being a fine (not specified) or up to two years imprisonment, or both. But the DoT was unable to say who exactly was liable to go to prison if the regulations were broken.

## HK way up

There can presumably be few better training grounds for a top banker than eight years in "the most competitive place in the world." That is Lord Barber's description of Hong Kong; the former Chancellor is these days chairman of Standard Chartered Bank, which is to have as its new managing director Peter Graham, who ran things in Hong Kong from 1962-70.

That was pre-merger with the Chartered Bank organisation, and also a time of swift expansion. Graham, who had joined the bank in Hong Kong in 1947, and had various overseas postings before returning to take charge, found himself at first running a business with three branches. One was quite reasonable, another had been taken over from a failed rival, and the third was a wooden shack no bigger than his present London office. By the time Graham left, Standard had 31 branches in the colony; to-day it has over 70 making its network half as large again as Hongkong and Shanghai's.

The group amalgamation took place in 1969 and for a long time was merger in name rather than fact. But integration of the far-flung organisation is now considered more or less complete, and Graham says nothing should be read into the fact that Ronald Lane, managing director until next April, was a Chartered man too.

Graham, who is 54, is credited with organising a key conference of SC people a year ago at which the "where are we going world-wide" issues were well aired. One problem on individual rather than corporate destinations faced by an international company is that of relative rewards: Graham agrees cheerfully that "a tremendous number" of less senior staff abroad enjoy a higher standard of living than he does (about 500 of the 35,000 employees are expatriates). With Britain's present tax structure, he reckons there is "no way to make anyone financially better off" when bringing them back to home base.

## ICI line-up

The appointment of new deputy chairmen at ICI inevitably sets off speculation about the next chairman of the country's biggest industrial company. The present incumbent, Sir Rowland Wright, is just turned 61, and on past form could retire in another couple of years with a successor coming dependably from the three immediate deputies.

The new face in that line-up is 53-year-old Bill Duncan, who says of the chairmanship question: "I haven't really given it a great deal of thought."

Duncan is a Scot and ICI made a point yesterday of stressing that he joined the group straight from school, working as an apprentice engineer on the explosives side. His higher education, tackled while working for ICI, was later rounded off with first class honours in mechanical engineering at Glasgow University.

Duncan became the first president of ICI North America ten years ago and was chief executive in North America until 1973, playing an important part in the Atlas Chemical Industries acquisition in 1970.

He is still chairman of the Americas division. He also heads the group's crop protection side and is in charge of commercial affairs. The last gives him ultimate responsibility for external relations with Government and Press. Duncan, a National Enterprise Board member, reckons that ICI has become a good deal less introverted in recent years; the public is soon to be reminded of the giant's existence with a new corporate publicity campaign to succeed the successful "Pathfinders" and "Ideas in Action" series.

## LME step-down

The Wolff family has long been a feature of London's commodity scene. Rudolf Wolff founded his metal dealing firm in 1877, and one of his sons, Jimmy Wolff, was chairman of the London Metal Exchange for at least 20 years.

The board, says Freddie Wolff, the present chairman of the family concern, is the LME's House of Lords while the committee is its Commons, tackling the administrative side of life. He has been chairman of the committee for the last six years, and announced last night that he will step down next April.

In 1971 he became chairman of the Federation of Commodity Associations and more recently was elected a member of the committee to establish a world commodities centre in London. Now 66, his LME chairmanship looks short compared with his uncle's, but matters were much more formal and less demanding in his time. Freddie Wolff reckoned that his uncle's contemporaries "would be turning in their graves if they knew the problems we face to-day."

## Swinging

Optimism is not dead. At Waterloo station the other evening, a young man was sighted carrying two pot-planted oak saplings and a canvas hammock.

Observer

POLITICS TO-DAY

BY DAVID WATT

# Don't write off the Labour Government

AN THE Labour Government ırvive? It is a legitimate uestion after the past four eeks. A month which begins ith a howling row at the Party onference, proceeds with a pro- nged and crashing sterling isis and ends with rumours ıat the Chancellor of the xchequer will resign, is one those periods that can batter e sturdiest Administration into ncussion. For a Government ith an untried Prime Minister, tiny majority in the House Commons and the bleakest economic outlooks before it, it not the *coup de grace*?

The Conservative Party and ımerous observers in Fleet reet and the City evidently lieve that Mr. Callaghan is on e skids, but they should ware of premature rejoicing. ıe Government is obviously ıder greater pressure, both ternal and external, than it ıs been at any time since ebruary 1974, but a reasonably tached judgment is bound to nclude that the Prime Minister ill has a fair chance of fulfill- g the pledge he made to Mrs. ıatcher in the House of ommons on Tuesday: "I pro- ise that I shall be here with *is Government for a very long* ne."

The most important factor in e situation is obvious enough, ıt it is worth repeating at the ıtset of the argument in case has been lost *from sight* in e excitement of the crisis. ıe point is that under our isting constitution it is in- rently unlikely that a Labour ıvernment will fall to internal bellion while it has the sup- rt of the most powerful of ıde union leaders, and the ıjority of the TUC General uncil.

This fundamental experience can be clearly seen in operation at this juncture. The Left-wing, the faction most likely to rebel against the present trend of Government policy, is in a majority in the National Executive of the Party because for the time being it holds some trade union seats, as well as the hard-line constituency bloc. Its activities *in this forum* and at Party Conference can and do embarrass the Government but it cannot do mortal damage or even seriously deflect the Government's intentions, because it cannot call out its votes in the places where it really matters, namely in the Cabinet and the Parliamentary Labour Party.

In theory, Mr. Wedgwood *Benn or the Tribune Group* could bring down the Government at any moment, but they dare not do so, even if they wanted, unless the trade union leaders had reached such a *point of disenchantment* that they decided they could hardly be worse off under the Tories than they were at the moment. The reason is, of course, that the unions are the guardians of the Labour movement's conscience and mythology, and so long as they are likely to brand anyone who brings about the return of Mrs. Thatcher with an indelible label of "traitor," the Left cannot risk rocking the boat too much. What is more Mr. Callaghan knows it, and the Left knows he knows it.

This situation could be undermined in a variety of ways. Mr. Callaghan might just lose his nerve and try to climb into a coalition with the Conservatives—in which case it is he who will be denounced for treachery. The

Mr. Healey speaking at the Labour Party Conference.

Conservative leaders might succeed in their present aim of convincing the trade union rank and file that a Conservative *government would not be nearly* such an ogre as they have been taught to suppose. The Parliamentary Labour Party's morale might simply collapse. The clash of policies or personalities within the Cabinet might lead to a break-up. But any or all of these factors would have to work against the strong cohesive power of a trade union Government axis. What is more, none of the possible forms of decay listed above is as yet very far advanced.

*We may dismiss the first possibility* out of hand. The Prime Minister shows no signs of losing his nerve, and if he did so he would be more likely to pull down the pillars of the temple with a *general election* than to defy the ghost of Ramsay Macdonald. The second scenario is equally implausible. It may be true that the siren voices of Mrs. Thatcher, Mr. James Prior and Sir Geoffrey Howe may over a long period. blunt trade union memories of the Industrial Relations Act and all the rest of it. But in so far as the operation works at all in the short-term, it will probably tend to assist Right-wing trade union leaders in their struggles against the Left within their unions; and in many sectors of industry it is precisely these Right-wing leaders who are most likely to support the Government.

The situation inside the Cabinet and the Parliamentary Labour Party is clearly much more serious and, because it involves intangible questions of political psychology, far more difficult to be certain about, except on a very short time-scale. Let us start with the Cabinet, where one would logically expect the rot to begin. Here we immediately encounter a paradox. The Cabinet is, by all accounts, demoralised in the *sense that its members are collectively* deeply worried and dejected about the turn of events—particularly the rise in minimum lending rate which threatens its entire growth strategy. But in another sense it is not demoralised, for members of the Cabinet are not as one might expect quarrelling about what ought to be done to rectify the situation and re-*establish* some *freedom* of manoeuvre.

This rather odd result derives in part from the personality of Mr. Healey which, in spite of everything, still dominates the *economic discussion: but still* more from the fact that there is so little room for manoeuvre at present. The prospective International Monetary Fund terms cannot be refused and their implications must be digested in terms of public expenditure and taxation. There is certainly going to be fierce argument about exactly how the public sector borrowing requirement is to be reduced to conform with IMF requirements. But that argument is manageable, given that the IMF drawing is a manifest necessity.

Thereafter, there is not much choice either. Nobody at Cabinet level seems to dispute that the best outcome would be to shore up confidence and stabilise the exchange-rate by the kind of massive American and German underpinning to which the Prime Minister has now publicly committed himself—although it must be obvious to the Left that the adoption of this strategy precludes their pet remedies of import controls and sweeping defence cuts. But even if that does not come off, nobody has yet indicated that the even deeper austerity which might be required to stave off yet another sterling crisis next year is beyond their political breaking point. The chances are that after many months of inspissated recession the alliance with the unions would start to break down and the difficulties would feed back to the Cabinet. But that is still a good way off.

Against this background, it is hard to see the Prime Minister and Mr. Healey parting company. Mr. Callaghan has obviously been irritated by what he regards as the financial mismanagement of the Treasury and the Bank of England and *he must* be as aware as everybody else that his Chancellor has personally lost a lot of credibility with the world at large. On the other hand there is no question of the Prime Minister having lost faith in the broad economic strategy which Mr. Healey and he had devised earlier in the summer and he is obviously hoping to be able, with external support, to return to it early in the new year.

He cannot ditch Mr. Healey at this stage without appearing to abandon that strategy—and besides, there is no plausible alternative. Mr. Crosland is now tied up for the European Presidency. Mr. Harold Lever's health might not stand the strain. Mr. Edmund Dell has no following in the Party and is strongly suspected by the Left. Mr. Peter Shore's Left-wing antecedents and anti-EEC proclivities would not *exactly be reassuring to the* ternational community. My unch is that providing he does not himself lose heart or health, the Chancellor, like the Prime Minister, is there for some *time*.

## Backbenchers

But what about the Labour Party in Parliament? It is here, I believe, that the Government will have the most difficulty—not because there is likely to be any organised or major revolt, but because no government can govern indefinitely without a certain amount of willing support from its back benches. A dead weight of incredulity or sullenness or disapproval drags down the spirits of any administration—particularly when the Opposition is in full cry (as we may expect it to be during the next 12 months).

But there is also the day-to-day business of getting MPs to keep the legislative programme going to be considered. For instance, the Government is committed during the next session to the Devolution Bill—a vast undertaking on which feelings run high on both sides of the House of Commons. It can be argued that the effort of arguing through this Bill will keep Labour MPs out of mis*chief and the existence of the* measure has already been used to good effect to explain why a lot of Left-wing titbits in the manifesto are not to be enacted. On the other hand, it is unlikely that the Government will be able to whip in the doubters on Devolution without making the Bill's passage a matter of confidence and there are economic circumstances in which that would be a most unwise appeal.

The truth is that the Government must now depend for any worthwhile existence on the creation of hope. The Labour Party is a ramshackle alliance but one kept together with strong bonds of sentiment and loyalty. It can withstand a great deal of battering and hardship. But there is no way in which it can avoid either of these during the next 12 months and its recuperative powers are not unlimited. Being, moreover, a party which lives on optimism and the idea of progress, it is particularly susceptible to the psychosomatic effects of depression. If the Prime Minister's strategy of industrial growth can be re-established fairly quickly, I would predict a long life for the Government. If it cannot, then there *will* be a period of decline, surprisingly protracted perhaps, but leading to an inevitable conclusion not later than the spring of 1978.

# Letters to the Editor

## Employment subsidy

*om Mr. A. Braithwaite.*

Sir,—I refer to your page one ticle of October 27 "Whitehall ution as jobless total falls by ,100." Is it not time to ask Mr. oth to be truthful with us? u see, here is the difficulty, eryone is "cautiously opti- stic." Mr. Callaghan says Steady as she goes," but no e gives the facts.

*The point I am making is* that e claiming by employers of mporary Employment Subsidy now in full swing — in the *eds* area alone I know of veral firms taking full advant- e of this subsidy. I can only sume that there must be veral hundred firms now draw- Temporary Employment Sub- y. If this is the case, then the lden unemployment must be ite enormous.

It is not *wholly true to say*, at people are being kept in ployment so that they will be ailable when the upswing in economy begins. Many firms drawing Temporary Employ- nt Subsidy merely to put off evil day of close down, which l inevitably come to them, tly caused by overmanning.

Ir. Booth must know that ugh the jobless total fell by 00, if Temporary Employment sidy had been taken out of ount it would no doubt have en.

L. Braithwaite,
ison Braithwhite and Scholey.
*St. Paul's Street, Leeds.*

## The standard of living

*m Mr. M. Buckland.*

ir.—It *is* generally appre- ed that the immediate short- m effect of devaluation is advantageous where the ance of trade is in deficit. A nthly deficit of $800m. will £400m. with the pound at $2 increases to £500m. when pound falls to $1.60.

Despite the evidence of Ger- ny which appears to prosper m continued revaluations l Britain which staggers from aluation to devaluation, the t that the longer term effects equally disadvantageous is widely recognised. Follow- a devaluation of the pound 20 per cent. (from $2 to $1.60) we have witnessed this year, is necessary to increase the ume of exports by no less than 25 per cent. to earn the same amount of foreign currency. Meanwhile if import volume is *maintained the extra sterling* cost of this will produce an increased trade deficit (in Sterling terms). A sharp reduction in imports and an even greater increase in exports would be required to close the trade gap and these changes have to be that much greater, the more the devaluation of the currency. And yet we not only have to close the gap but also run a surplus to meet our enormous overseas liabilities.

Such an objective will not be achieved from mere 3 per cent. increases in production. If this seemingly impossible objective is to be achieved the sacrifices and hardships to be borne by *the consumer, while more and* more production is exported and fewer and fewer imports are available for consumption, will be considerably greater than the 1 per cent. or 2 per cent. reduction in living standards being suggested in official circles.

M. J. Buckland.
*Racedale,*
*Manuden,*
*Nr. Bishop's Stortford, Herts.*

## Inflation accounting

*From Mr. D. Forrester*

Sir,—As the dogmas and inflation accounting techniques of Schmalenbach, Schmidt, and Limperg have found weighty advocates for present British conditions, we may draw attention to an older and robuster alternative recently resuscitated for different purposes. In place of using general or specific price-indices retrospectively, a market-based one-year interest rate could be applied from the beginning of each accounting year to give, with depreciation, the current *cost of capital* employed in fixed assets, and to give costs of sales and inventory values which reflect full factors of production. Specific and disclosed provisions would need to be made and vetted when inventory values *exceed realisable* values net of future, full costs.

Continentals after totalitarian experience fear political manipulation of indices, and could prefer a market rate which has an important role in contra-cyclical and anti-inflationary policies, and which must anticipate inflation and secure some real return for lenders. Indeed, a German Institute of Wirtschaftsprüfer Committee in December last year commended a supplementary reduction of historical-cost income only for the holding gains on the fixed assets and stock which are financed by *equity: other* assets are, *and will* be, financed by lenders at market rates as reflected in the usual accounts of highly-geared companies.

The wrong turn in British thinking for all sectors, and not only for the immediate area of non-competitive Goverment contracts, was taken by Sir William Slimmings's Review Board which accepted high target rates of return on capital only until the Sandilands Committee had recommended an alternative technique for capital conservation. The Cost Accounting Standards Board in America a year ago proposed a replacement-cost basis for depreciation *charges, but this summer decided* to accept costs of facilities based on a market interest rate which would cover real returns and inflation. There, too, for all sectors, R. N. Anthony discussed accounting for the cost of interest in a book published last year, and made specific, restricted proposals to the Financial Accounting Standards Board.

Current cost accounting is based in a steady state, where assets require to be specifically replaced. Current cost of capital accounting has a more dynamic potential, reflecting and reducing inflationary tendencies. Moreover, it would require fewer modifications to present account*ing standards than would imple*mentation of Sandilands's proposals.

D. A. R. Forrester,
Lecturer, Department of Accountancy and Finance,
University of Strathclyde.
*Livingstone Tower, Glasgow.*

## Speculation in commodities

*From C. Clay.*

Sir,—I was surprised that Mr. Burton (October 26) thought it appropriate to state that "if the market was free of speculators *then* lower price levels would prevail" which he did on the premise that "after the dust has settled, commodities invariably appear in a higher price bracket range with detrimental results to user industries." Commodities, to speculators, can only be *another form of temporary in*vestment of their funds. It would seem that, on Mr. Burton's reasoning, speculation on the Stock Exchange must "invariably" result in higher prices for stocks and shares. On that point, alone, one must conclude that Mr. Burton's reasoning is incorrect.

A further proof of the incor*rectness may, however, be found* in the opinion of the "user industries" to which Mr. Burton refers. Most, I suspect, would agree that their raw material costs are, on average, lower than they would be if speculators did not operate in the futures markets which are allied to the physical markets from which they draw their supplies.

C. J. J. Clay.
*Roman Wall House,*
*1-2, Crutched Friars,*
*E.C.3.*

## Unit Trust operations

*From the Managing Director, M and G Group*

Sir,—Although I feel sure Mr. Potts (October 25) chose his words carefully, his letter will give credence to a common misconception over unit trust operations which is worth correcting, particularly in the context of his argument about management charges.

It is not correct to say that an increase, even a significant increase, in the initial manage*ment* charges would necessarily result in a rise in the spread between the bid and offer prices of units. This spread is determined by the commercial policy *of the managers, who buy units* from sellers and resell them to buyers, and a study of unit prices will confirm that there is no necessary correlation between the spread and the initial charge. The point may perhaps be best illustrated by taking the case of a unit trust with no initial charge (yes, there is one) and observing that it displays a spread greater than many trusts with initial charges of 5 per cent. The size of the initial charge, would, of course, be directly reflected in the *maximum spread* (that is the gap between issue and surrender prices of units), but that is another matter; the much nar*rower spread which operates in* practice is determined by competition and any connection with the initial charge is psychological, not mechanical.

On the more general point, it is worth observing that no in*crease in the annual charge* could conceivably be made without the approval of existing unitholders. In deciding to reject a proposal for an increase, however, the unitholders would have to take into account the possibility that the managers might be unable to maintain good standards of service or might indeed quit the business altogether. In this context the marketing slogans of the 1960s are not, perhaps, as relevant as they might appear.

E. W. I. Palamountain.
*M and G Group,*
*Three Quays,*
*Tower Hill, EC3*

## Constitutional crisis

*From Mr. W. Gibbons*

Sir,—Rupert Cornwell reports (October 27) that the House of Lords *is likely to give way to* Government threats and "not provoke the constitutional crisis of which the Prime Minister warned—at the crunch they would be the losers." If it does give way then the country will most certainly be the losers and our political future will be bleak indeed.

The last 50 years has seen the virtual abdication and removal of constitutional responsibility by the Monarchy, the severe restriction of power and threatened dissolution of the House of Lords and ever-increasing dictatorial powers seized by chosen representatives from Transport House and Central Office under the *disguise of a so-called "demo*cratic" process. It is no coincidence that the decline of Britain's fortunes has also taken place during this period.

The United States Constitution *was based on the unwritten* British Constitution in existence at that time; Lord Hailsham has recently stated that Britain now requires a written Constitution and the disenchantment of the people generally with politicians would indicate that the nation supports this view. But who on earth is going to write it, let alone implement it?

Certainly not the tight group of "elected" incumbents who *are seizing more and more power* for themselves at the expense of individual liberty. The only written constitution likely to emerge from this source would be written in the Kremlin.

No, if the Lords force a constitutional crisis by carrying out the very limited responsibilities left to them or which their conscience decrees, then the sooner such crisis is upon us the better. They could take a lesson from the Governor General of Australia.

We could even hope that the outcome of such a crisis might be the formation of a second chamber of representatives of responsible wealth-producing sec*tors of society with authority to* curb the wild elements now emerging in their true colour.

W. G. Gibbons.
*36, Thamespoint,*
*Fairways,*
*Teddington, Middlesex.*

## Marketing overseas

*From Mr. J. Christmas*

Sir,—It was encouraging to hear the Prime Minister in his Panorama interview (October 25) stress the need for regeneration of our manufacturing industry. It will grow when it has a steady demand for its products and it was incredible to listen to 50 minutes debate without any reference to our overseas marketing effectiveness.

Mr. Callaghan referred to a Midlands manufacturer who could sell his products at a high price which indicated that sterling is undervalued and that British goods must now be highly competitive on price. He also emphasised the importance of reliable delivery performance. But penetration of overseas markets is time consuming and costly. Most companies can only hope to service selected territories and, at best, in other markets, they are dependent upon agents who frequently claim a percentage of profit *out of all proportion to* their product marketing effort.

While the Government is currently spending vast sums of taxpayers' money on aid to industry, temporary employment subsidies, the National Enterprise Board and numerous other agencies, could it not be making a much more positive contribution by true involvement in overseas marketing? Might not an overseas trading corporation contribute far more to industrial growth than the current NEB, DOI and other agency support programmes? A trading corporation could agree with manufacturers the markets in which it would promote their products and those which they wished to continue servicing themselves.

Long established commercial trading companies operate profitably in various ex-colonial territories. Suitably constituted national, regional or industrial sector corporations need not be unprofitable while increasing sales of manufacturers' goods in wider markets than can be achieved by individual company effort.

Broader based overseas marketing would reduce vulnerability to political or economic problems in particular countries and should assist in securing the capacity balance which enables industry to invest with some confidence.

J. F. Christmas.
*10 Madison Avenue,*
*Cheadle Hulme,*
*Cheshire.*

## aining greater industrial democracy

*m The Managing Director amazoo.*

ir.—A company's success and vival depend on a complicated ancing act, trying to satisfy interests of five main parties ustomers, shareholders, em- yees, suppliers and the com- nity or State. This is difficult, ause there is conflict between also often within these ties.

A Board must maintain as fair balance as possible between five groups. If we thought t worker representatives on npany Boards would help vards this or any other sen- le end, this letter would be necessary. Our experience ws us that it is most unlikely do so. This form of participa- n has the following weak- sses:—

t raises employee representa- es to the policy-making level t it leaves the decision-making ere. The results are that: (a) her you have a true workers' presentative, lacking the know- ge, experience or skill to ticipate in such decisions, or ) you train him or her to the el required when he or she ses to be any more represen- ive than existing directors o have come up through the mpany, (c) in either case the shop-floor is unlikely to detect any change in the *impact which* its views seem to have on Board level decisions.

The pressure is political and is not aimed at making industry more effective which is essential for this country's recovery from its economic troubles. *Surely* we should ask not only "how" industrial democracy is to be achieved, but "why" or "whether" it is desirable?

It seems hypocritical to cry for greater industrial democracy while insisting that by law participation shall involve only trade union appointed representatives, even where they do not speak for the majority of those employed.

The political glamour associated with "worker" directors blinds us to and even takes us away from the sort of participation which could really be effective—the involvement of people in the decisions in which they are equipped to participate, for example affecting their work, pay or conditions.

We believe that such participation is both sound and essential. It must, however, start in the areas which people really *understand*. As the participant's experience grows the level at which they can participate rises. Employee involvement in Board *decisions could*, therefore, be the eventual result of participation starting at the workplace. To impose it artificially from the top, however, is likely to produce the situation existing in some EEC countries, where the letter *of the law is satisfied but little* true participation seems to take place.

If we must have a law on participation, let it place obligations on the existing boards to look after the interests not just of shareholders, but also of employees, customers, suppliers and community. Let it also give legal backing to participation which is likely to mean something. Where representation is needed, let it be by truly democratic election and not within the power of any minority grouping.

Much that is good comes from the EEC. Legally enforced "participation" has been proved by the EEC to be relatively unsuccessful. We should resist it here and concentrate on developing our own forms with the object of making ourselves more effective and getting the country out of the current economic mire.

Peter Cakebread.
*Kalamazoo, Northfield,*
*Birmingham.*

# To-day's Events

GENERAL

Inauguration of Selby, North Yorks., coalfield. Lunch speakers include Mr. Anthony Wedgwood Benn, Energy Secretary, Sir Derek Ezra, chairman, National Coal Board, and Mr. Joe Gormley, president, National Union of Mineworkers.

British Rail and railway unions discuss fare levels.

CBI Economic Situation Com*mittee* meets.

Sub-Committee B of Select Committee on Nationalised Industries begins visit to U.S. and Japan as part of its enquiry into British Steel Corporation.

Breakaway Scottish Labour Party begins three-day assembly, Stirling.

PARLIAMENTARY BUSINESS

House of Commons: International Carriage of Perishable Foodstuffs Bill, National Health Service (Vocational Training) Bill, and Endangered Species (Import and Export) Bill, remaining stages.

House of Lords: Education Bill, third reading. Supplementary Benefit (Amendment) Bill, report stages and third reading. Energy Bill and Companies (No. 2) Bill, consideration of Commons amendments.

OFFICIAL STATISTICS

Bricks and cement production (September).

COMPANY RESULTS

Amalgamated Metal Corpn. (third quarter). J. Hepworth and Son (full year). John Menzies (Holdings) (half-year).

*COMPANY MEETINGS*

Celtic Haven, Burton, Dyfed, 12.30. Deundi, 15, Saint Helen's Place, E.C., 12. Guinness Peat, Winchester House, E.C., 10.30. Parker Timber, Erith, 12. Rivlin (I. D. and S.), Winchester House, E.C., 2. Smith Brothers, Institute of Chartered Accountants, Moorgate Place, E.C., 12.30. Southern Kinta Consolidated, 55-61, Moorgate, E.C., 12. Stewart Plastics, Croydon, Surrey, 11. Tor Investment Trust, Swansea, 10.15.

# COMPANY NEWS + COMMENT

## McKechnie tops forecast with £12.29m.

AGAINST A forecast of some £10.5m., group pre-tax profit of McKechnie Brothers increased to £12.29m. for the year to July 31, 1976, compared with £8.96m. for the previous year. At halfway profit was £5.25m. (£5.13m.).

Turnover for the year advanced from £105.5m. to £109.7m.

*Earnings per 25p share were* 13.7p (7.7p), and 13.5p (7.8p) after extraordinary items. A final dividend of 2.55202p lifts the net total from 3.54729p to 3.90202p.

Profits exclude appreciation on unsold metal stocks of £498,000 (£651,000 depreciation) credited to stock reserves.

The principal South African subsidiaries have adopted "last in first out" method of valuing stocks at June 2, 1976. The results incorporate the accounts of those subsidiaries on this basis.

As a consequence the results not directly comparable. If "first in first out" method has been continued pre-tax profit would be increased by £1,246,000 and tax (£5,346,000, against £3,943,000) by £545,000, it is stated.

| | 1975-76 £000 | 1974-75 £000 |
|---|---|---|
| Group turnover | 109,700 | 105,500 |
| Operating profit | 10,944 | 9,632 |
| Share associates | 2,198 | 1,470 |
| Interest charges | 843 | 1,147 |
| Profit before tax | 12,289 | 8,955 |
| Taxation | 5,346 | 3,943 |
| Outside holders | 2,435 | 2,473 |
| Attributable | †4,508 | 2,539 |
| Preference dividend | 10 | 10 |
| Ordinary | 1,279 | 1,139 |

† £4,431,000 (£2,548,000) after extraordinary items.

### ● comment

McKechnie is 23 per cent. ahead pre-tax. But flat trading in South Africa has held the minorities charge so at the net attributable level profits are actually 77 per cent. higher taking earnings per shae up to 13.7p. Moreover, adjusting for the switch to LIFO accounting in South Africa brings in an additional 1p. New Zealand is up but the recovery has occurred largely in the U.K. and this picture fits in with that painted by both Delta and IMI. Capacity utilisation at home rose to 75 per cent. to 80 per cent. by July whereas at the start of the year it was barely 60 per cent. Chemicals are down but both semis and consumer products are higher, and the second half took in roughly £¾m. of exchange profits. McKechnie's pattern of trade has shifted noticeably towards the U.K. over the past two years, and South Africa is expected to stay relatively weak in 1976-77. But the group is hopeful about further earnings progress this year and with the Ideal Casements acquisition chipping in over £½m. (net of financing costs) profits could get close to £15m. pre-tax. At 48p the shares yield 13.2 per cent., and this is covered 3½ times.

## HIGHLIGHTS

Against a background of continued recovery in tyres and cables, **Dunlop** has increased its interim pre-tax profits by 62 per cent. to £32.1m. U.K. exports rose by a fifth during the six months to £60m. Lex also comments on the interim results of **English Property** and the annual report of **Glaxo**. Elsewhere, **McKechnie** is 23 per cent. ahead in its pre-tax profits for the year but flat trading in South Africa brings the rise in net attributable profits to 77 per cent., given the same minorities charge. **William Press** has virtually doubled its interim profits and could be heading for £7m. for the full year. Despite a sharp drop in interest charges at the **Gieves Group**, profits have fallen by 40 per cent. at the half-way stage. Finally, **Wood Hall Trust** has beaten its forecast of £3.5m. annual profits with a turnout of £5.6m.

## Sheepbridge 25% ahead so far

ON TURNOVER increased from £21.18m. to £23.36m., pre-tax profit of Sheepbridge Engineering rose byby 25 per cent. from £1.63m. to £2.04m. in the six months ended September 30, 1976.

*The directors state that orders* received by Sheepbridge Equipment show an improvement, and inquiries are buoyant. Elsewhere in the group demand continues strong, and another good year is in prospect.

Interim dividend is lifted from 1.1258p. to 1.2384p net per 25p share. Last year's total was 3.1036p after pre-tax profits of £4m.

| | Six months 1976 £000 | 1975 £000 | Year 1975-76 £000 |
|---|---|---|---|
| Sales | 23,355 | 21,183 | 44,885 |
| Profit before tax | 2,037 | 1,631 | 4,003 |
| Taxation | 1,059 | 848 | 2,072 |
| Net profit | 978 | 783 | 1,931 |
| Minority int. | 25 | 20 | 41 |
| Attributable | 953 | 763 | 1,890 |

## C. H. Pearce rises 12% to record

AFTER A rise at halftime from £230,025 to £269,351, pre-tax profits of C. H. Pearce and Sons (Contractors) *advanced by approximately* 12 per cent. from £537,971 May 31, 1976. Turnover fell from £6.46m. to £6.03m.

Stated earnings are up from 20.63p per 25p share to 22.89p, and the final dividend of 1.97925p net lifts the total from 2.7585p to 3.03425p.

The directors state that the order book at present is in excess of £7m., and they are confident that next year's profits will at least equal this year's record.

The group has cash of £2m. available for future expansion and acquisitions, say the directors.

| | 1976 £ | 1975 £ |
|---|---|---|
| Turnover | 6,025,740 | 6,463,654 |
| Profit before taxation | 601,190 | 537,971 |
| U.K. taxation | 313,156 | 278,482 |
| Net profit | 288,004 | 259,489 |
| Extra-ordinary credit* | 67,035 | 137,935 |
| Leaves | 355,039 | 281,524 |
| Dividends | 50,220 | 34,703 |
| Interim | 13,272 | 12,077 |
| Final | 24,599 | 22,626 |
| Waived | 7,951 | — |

* Profit on sale of freehold property. † Debit.

## RIGHTS & ISSUES

Asset value per 25p Income share of Rights and Issues Investment Trust was 17.9p, and not 170p as inadvertently reported yesterday.

## W. Press doubled at half-way

FIRST HALF 1976 turnover of William Press Group increased from £51m. to £62m., and pre-tax profit advanced from £1.62m. to £3.22m.

And present indications are that trading for the second half will show continued progress, the *directors state. Profit for the* year 1975 was £4.4m.

The interim dividend, on capital increased by one-for-four rights issue, is lifted from 0.375p to 0.75p net. A total of 1.5p has already been forecast, against 1.206p for 1975. The company is engaged in industrial, civil and mechanical engineering contracting.

| | Half year 1976 £000 | 1975 £000 |
|---|---|---|
| Group turnover | 62,000 | 51,000 |
| Profit before tax | 3,218 | 1,616 |
| Taxation | 1,733 | 807 |
| Net profit | 1,485 | 809 |
| Preference div. | 10 | 14 |
| Interim Ordinary | 416 | 166 |

### ● comment

William Press really surprised the market yesterday with its 99 per cent. leap in first-half profits. But the recovery of this company has been building up over the past couple of years. It has been re-organised into a number of sections, each of which is required to be profitable. This management operation has been aided by the arrival of North Sea oil and gas (which accounts for about a quarter of its workload) and by overseas demand for plant contracting, notably from the Middle East. The second half is unlikely to show the same growth because the seasonal bias is diminishing, but a full-year target of £7m. might be possible putting the shares, at 19½p (up 2½p), on a prospective p/e of 2.8. *In view* of the net cash and the overseas operations, this rating seems undemanding. The yield is 12.3 per cent.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Grant Bros. ....int. | 1.25 | — | 1.52 | — | 3.88 |
| 1928 Trust ....int. | 2.5 | Dec. 6 | 2.25 | — | 6.45 |
| Dorrington Invest. ...int. | 1.25 | Dec. 17 | nil | — | 1.89 |
| Abrasives ....int. | 0.56 | Dec. 16 | 0.56 | — | 1.4 |
| Bolton Textile | nil | — | 1.23 | nil | 1.23 |
| Border Breweries ... int. | 0.86 | Jan. 6 | 0.78 | — | 2.85 |
| British Assets Tst. | 0.88 | Jan. 4 | 0.68 | 1.6 | 1.4 |
| Continental Union ...int. | 0.8(d) | Dec. 1 | 0.56 | — | 2.3 |
| Dunlop ....int. | 1.95 | Jan. 4 | 1.83 | — | 3.58 |
| English Property ...int. | 1.25(e) | Jan. 4 | 1.25 | — | 2.28 |
| Ferro Metal ....int. | 1.5 | Nov. 15 | 1.5 | —(b) | 4.61(c) |
| Gieves Group ....int. | 1.0 | Dec. 16 | 1.0 | — | 2.15 |
| Green's Economiser ...int. | 2.12 | Nov. 26 | 1.06 | — | 3.86 |
| Highland Electronics ... | 0.98 | — | 0.8 | 0.98 | 0.8 |
| W. Lawrence .... | 3.5(f) | — | 2.5 | 5.5 | 4.25 |
| London Brick Co. ...int. | 1.74 | Jan. 5 | 1.58 | — | 2.63 |
| McKechnie Bros. .... | 2.55 | Jan. 1 | 2.53 | 3.9 | 3.55 |
| C. H. Pearce and Sons ... | 1.98 | Jan. 6 | 1.8 | 3.03 | 2.76 |
| Photax (London) ....int. | 1.16 | Dec. 3 | 1.05 | — | 2.22 |
| William Press ....int. | 0.75† | Dec. 30 | 0.38 | —(a) | 1.21 |
| Scott and Robertson ...int. | 0.91 | Jan. 5 | — | — | 1.66 |
| Sheepbridge Eng. ...int. | 1.24 | Jan. 1 | 1.13 | — | 3.1 |
| Sphere Inv. Tst. ....int. | 1.15 | Dec. 3 | 1.02 | — | 2.3 |
| Transvaal Consd. .... | 52(G) | Jan. 5 | 42 | 75 | 65 |
| Wood Hall Trust .... | 4.34 | Dec. 16 | 3.94 | 4.34 | 3.94 |

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Total of 1.5p forecast. (b) Final of 2.185p is forecast. (c) For 15 months. (d) To reduce disparity. (e) On capital increased by conversions. (f) Made public July 1975. (g) South African cents.

## Six months setback for Gieves

ON SALES up from £10.34m. to £11.64m., *pre-tax profit of Gieves* Group decreased from £344,000 to £206,000 after reduced interest charges of £99,000 (£179,000) in the half year to July 31, 1976.

Tax absorbs £108,000 (£179,000) and after extraordinary credits of £337,000 (nil), profit attributable to Ordinary holders is up from £163,000 to £433,000.

An unchanged interim dividend of 1p net per 25p share is declared. Last year's total was 2.149p from profits of £551,515.

| | Six months July 1976 £000 | July 1975 £000 | Jan. 1976 £000 |
|---|---|---|---|
| Tailoring, etc. sales | 1,658 | 1,660 | 1,832 |
| Book manufacture | 2,009 | 1,696 | 2,131 |
| Loose leaf binding | 1.177 | 871 | 888 |
| Motor dealers, etc. | 6,796 | 6,116 | 6,487 |
| Total sales | 11,649 | 10,343 | 11,328 |
| Internal rents | 49 | *11 | 57 |
| Tailoring etc. profit | 53 | 78 | 76 |
| Book mnfctr. loss | 12 | †267 | †114 |
| Loose leaf binding | 182 | 90 | 73 |
| Motor dealers etc. | 33 | 99 | — |
| Interest charges | 99 | 179 | 112 |
| Profit before tax | 206 | 344 | 208 |
| Taxation | 108 | 179 | 98 |
| Net profit | 98 | 165 | 110 |
| Extraord. credits | 337 | — | 230 |
| Preference div. | 2 | 2 | 2 |
| Attributable Ord. | 433 | 163 | 335 |

* Loss. † Profit.

Despite continuing inflation the cash position improved during the first half, and bank borrowings are well within available facilities, the directors state.

As to the current year's trading result, they can be no more optimistic than in May when they indicated results not dissimilar to those of 1975-76.

Two of the four divisions are performing well and the other two would respond quickly to any improvement in markets in which the company operates, the directors add.

### ● comment

Despite a sharp drop in interest charges, Gieves' profits have fallen by 40 per cent. pre-tax. The major setback came from the book manufacturing division, where there was a £279,000 turnround to a small loss. The web-offset installation is working well below capacity and demand generally has been poor. Elsewhere the two-thirds drop in profits at Mamos looks out of character for a motor dealer, but Mamos *has a large amount of petrol sales* and margins have suffered from the "price war." The bright spot in the period was the binder division, where demand picked up, particularly in Europe, and profits have doubled. Overall, the group is pointing to a more traditional profits split this year in favour of the second half, so that Gieves could still make £550,000. At 26p the prospective p/e is no more than 3½ and the maximum yield is 14½ per cent., which looks fair enough.

## Dorrington ahead at six months

Property and contracting sales of Dorrington Investment Company advanced from £1.51m. for the six months to December 31, 1975, to £2.75m. for the six months to September 30, 1976. Gross rents were also up, from £185,000 to £216,000, and pre-tax profit increaesd from £210,000 to £261,000.

There is an interim dividend of £1.25p net per 10p share (nil). A payment of 1.886p was made for the nine-month period to March 31, 1976, after pre-tax profits of £351,000.

The directors state that profits in the second half should not be less than in the first half.

| | Six months 1976 £000 | 1975 £000 |
|---|---|---|
| Gross rents | 216 | 185 |
| Prop. and contr. sales | 2,753 | 1,510 |
| Interest sec. | 1 | 2 |
| Profit before tax | 261 | 218 |
| Taxation | 136 | 109 |

## ISSUE NEWS

### LONHRO—92.5%

Lonrho's rights issue to raise £7.6m. on the basis of one-for-eight at 40p has been taken up as to 92.5 per cent. The balance has been sold at a premium and the net proceeds will be distributed to entitled shareholders.

## Wood Hall limits fall to £0.4m.

REFLECTING A big upturn in the last quarter, group pre-tax profits of Wood Hall Trust at £5.65m. for the year ended June 30, 1976 are considerably better than the £3.5m. forecast in May and come within £0.4m. of the 1974-75 result —itself £2.3m. down *on the record* of 1973-74.

For 1976-77 first quarter results are in line with budget and the directors expect the first half profit to exceed the 1976 figure of £1.72m.; and for the full year they are aiming to top the 1975-76 result, subject to the outcome of claims under a pipeline contract, in respect of which the auditors have qualified the accounts.

As regards the 1975-76 profit they explain that the last quarter upsurge was not foreseen when the forecast was made and is attributable mainly to increased profits from the Australian civil and general engineering and coal mining division and the overseas trading division; and, to a lesser extent, to lower than expected *losses by the materials handling* side and Australian pastoral trading.

Group net attributable profits emerge at £2m. against £2.83m., giving earnings of 8p (11.4p) net per 25p share. As foreshadowed the dividend is raised by the maximum permitted—from 3.941p to 4.335p.

The auditors' qualification relates solely to an item of $A7.26m. (£5.06m.) included as a current asset in the accounts of Wood Hall, the Australian subsidiary, for unrecovered costs incurred as at June 30, 1976, on a major pipeline contract, for which substantial claims in excess of those costs have been submitted.

The directors of WHL have been advised that these claims are soundly based but cannot be dtermined until the contract is completed—expected to be at the end of December—and until a settlement is reached, by negotiation or litigation. Therefore the auditors feel that it is not possible to assess whether on setlement the claims will be greater or less than the amount included in the accounts, and, accordingly, no profit or loss has been taken into account at June 30, 1976.

| | 1975-76 £000 | 1974-75 £000 |
|---|---|---|
| Turnover | 288,907 | 224,913 |
| Profit: | | |
| Overseas trading | 2,847 | 2,441 |
| Engineering and coal Australia | 2,113 | 1,211 |
| Bldg., cntrctng., etc. | 980 | 2,324 |
| Food | 678 | 429 |
| Finance and property | 65 | 112 |
| Materls. hndlng. loss | 45 | *581 |
| Pastoral trading loss | 361 | 313 |
| Interest and expenses | 425 | 723 |
| Making | 5,652 | 6,062 |
| Taxation | 3,008 | 2,836 |
| Net profit | 2,644 | 3,233 |
| Minority | 505 | 401 |
| Pre-acquisition profits | 130 | — |
| Attributable | 2,009 | 2,831 |
| Dividends | 1,109 | 1,012 |
| Retained | 900 | 1,819 |

There are profits not included above of £983,000 (£25,000 loss). * Profit.

Ordinary holders' funds at June 30 were £33.83m. (£28.63m.). The increase arose from exchange adjustments of £3.25m. and retained profits, trading and extraordinary, and a small revaluation surplus, totalling £1.9m. The funds are equivalent to 13[illegible] (116.7p) per Ordinary stock un[illegible]

### ● comment

After a 53 per cent. drop [illegible] interim pre-tax profits, Wood H[illegible] forecast a further fall of [illegible] quarter in the second half. [illegible] the event profits recovered [illegible] 64 per cent. to leave the ye[illegible] only 7 per cent. down. The [illegible] expected jump in the fir[illegible] quarter stems from the comp[illegible]tion of some major Australi[illegible] contracts, plus a remarkal[illegible] revival in activity for the ov[illegible]seas trading division in the F[illegible] East. In the U.K., the buildi[illegible] division was expected to decli[illegible] but the actual fall of three-fift[illegible] is worse than expected and d[illegible] to very sluggish house sal[illegible] Overall, Wood Hall sees the [illegible]covery steadying this year. P[illegible] perhaps overshadowing t[illegible] figures is the auditor's qualific[illegible]tion. This relates to unrecover[illegible] costs of over £5m. relating [illegible] Government work in Australia [illegible] a pipeline. Wood Hall clai[illegible] that pipes supplied were bel[illegible] standard. As yet there is no h[illegible] as to the final outcome but t[illegible] claims are "substantial." So t[illegible] market will have to mark ti[illegible] on that, but meantime at 67p ([illegible] 5p yesterday) the p/e is 7.9 a[illegible] the yield is 10.6 per cent.

## Brit. Assets Trust pays more

A FINAL dividend of 0.875p [illegible] British Assets Trust lifts the to[illegible] from 1.4p to 1.6p net per 2[illegible] share for the year to Septemb[illegible] 30, 1976. Earnings per share we[illegible] 1.81p (1.5p) and 1.72p (1.47[illegible] assuming full conversion.

Pre-tax revenue increased fr[illegible] £2.32m. to £2.87m.

| | 1975-76 £000 | 1974-75 £000 |
|---|---|---|
| Franked income | 1,859 | 1.[illegible] |
| Unfranked | 2,765 | 2.[illegible] |
| Underwriting comm., etc. | 45 | [illegible] |
| Interest and expenses | 1,802 | 1.[illegible] |
| Revenue before tax | 2,867 | 2.[illegible] |
| Taxation | 1,195 | [illegible] |
| Preference dividends | 179 | [illegible] |
| Available Ordinary | 1,493 | 1.[illegible] |

Net asset value per share w[illegible] 70p (50p) or 67p assuming f[illegible] conversion.

## Embankment Trust ahead

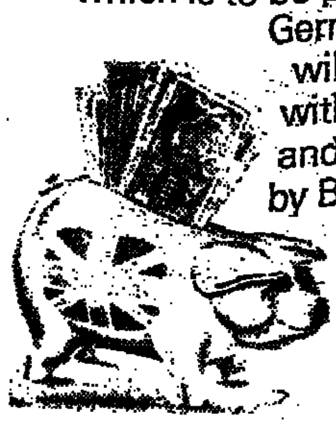
Gross revenue of Embankme[illegible] Trust was up from £294,073 [illegible] £326,316 for the half-year [illegible] September 30, 1976 and profit w[illegible] ahead from £199,998 to £224,[illegible] before tax of £82,351 (£76,787).

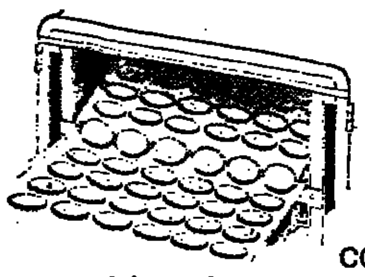
Including the full dollar p[illegible]mium, net asset value per [illegible] share was 85.6p (78.1p).

A dividend is norma[illegible] announced in April. Last yea[illegible] payment was 2p net from pro[illegible] of £420,696.

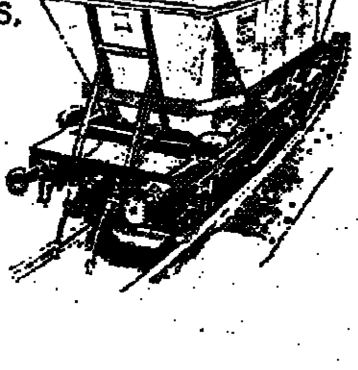




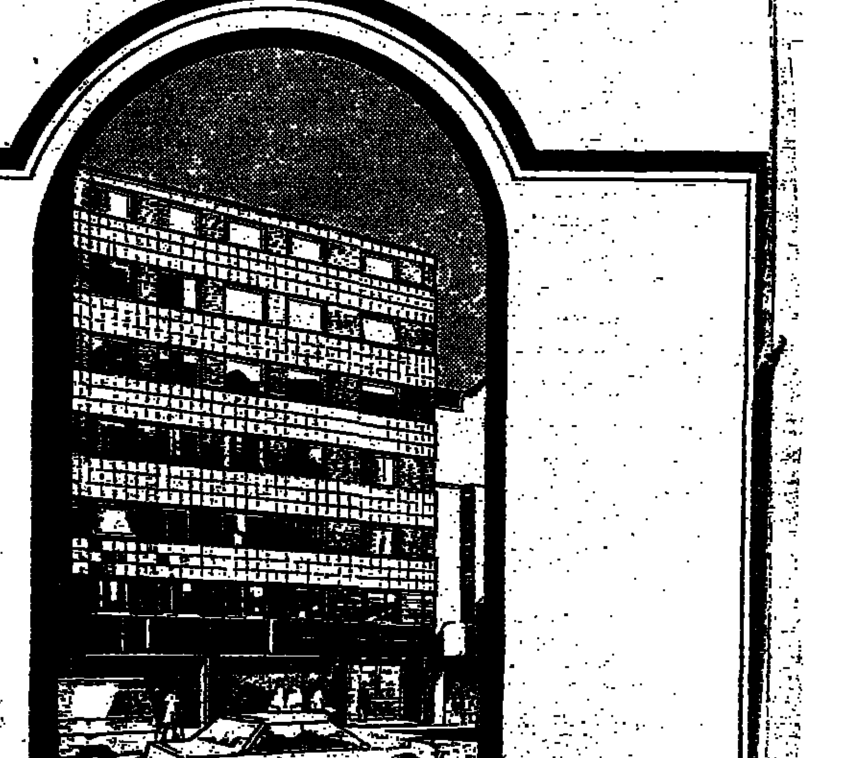














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# EPC expects over £4.8m.

ADVANCE of over £1m. to ...m. in group pre-tax revenue reported by the English ...perty Corporation for the six ...nths ended April 30, 1976, and balance for the second half is ...ected to show an increase ...r this figure.

...he profit was struck after ...vier interest of £29.15m. ...inst £24.81m., and after credit-interest and expenses up ...m £9.7m. to £11.3m. in respect ...development properties. The attributable balance came ...ough at £1.26m. compared ...h £0.52m.

...he interim dividend is ...hanged at 1.25p net on capital ...eased from £29½m. to £41.3m. ...conversions—the total for ...-75 was 2.2835p paid from ...fits of £4.3m.

| | First half 1975-76 £000 | 1974-75 £000 |
|---|---|---|
| ...erty & construct. inc. | 51.183 | 40.684 |
| ...ends, interest, etc. | 2.173 | 1.954 |
| ...ng | 53.356 | 42.678 |
| ...ses | 32.712 | 25.780 |
| ...st | 29.152 | 24.807 |
| ...eciation | 412 | 366 |
| ...interest and expenses: | | |
| ... | 2.572 | 2.474 |
| ...rseas | 8.429 | 8.222 |
| ...ue before tax | 2.391 | 1.382 |
| ...credit | 661 | 230 |
| ...revenue | 3.052 | 1.161 |
| ...ities | 1.795 | 1.240 |
| ...utable | 1.257 | 321 |
| ...ends | 1.677 | 775 |

Statement Page 24

See Lex

## Highland Electronics up 29%

PRE-TAX PROFIT for the year to April 30, 1976 of Highland Electronics Group increased by 29 per cent. to a record £320,142, and the chairman, Mr. M. Cohen, forecasts further growth in the current year. At halfway profit was up from £130,126 to £152,758.

Turnover for the year rose from £3.39m. to £4.04m.

Earnings per share rose from 1.11p to 1.42p, and the net dividend is lifted from 0.8p to 0.873p a share, the maximum permitted.

| | 1975-76 £ | 1974-75 £ |
|---|---|---|
| Turnover | 4,042,337 | 3,391,531 |
| Trading profit | 317,431 | 239,407 |
| Investment income | 2,711 | 8,030 |
| Quoted investment* | — | 1,328 |
| Profit before tax | 320,142 | 248,865 |
| Taxation | 171,544 | 151,652 |
| ACT no longer recoverable | 24,147 | — |
| Balance | 124,451 | 97,213 |
| To capital reserve | 6,836 | — |

* Increase in value.

The chairman says profits of all companies in the group, except Redcliffe Electronics, were satisfactory. The main subsidiaries, Highland Electronics and Walter Jones and Co., showed an especially strong rise.

Group orders are at an excellent level, he reports.

Despite the economic situation there is an increasing demand for the group's products such as the new solid state alarm annunciator systems and the improved rotating machines, the chairman adds.

## Westminster Property loss

...estminster Property Group in...ed a loss of £118,000, against ...ofit of £60,000, in the half-year ...March 31, 1976. There is no ...(same).

...e figures include a loss for ...period of developments in ...Algarve and Lisbon. Similar ...lts are estimated for the ...nd half. For the year to Sep...ber 30, 1975 there was a pre-...loss of £241,000.

...e U.K. property industry con...es to be unsatisfactory and ...high level of interest rates ...recent increases, are a heavy ...en, the directors state.

...though over the past 12 ...ths there has been little ...ge in position of the Portu...e subsidiary due to lack of ...the political climate has im...ed considerably and stability ...red.

...e directors therefore view ...company's investments there ...e optimistically in the coming year, and there is already strong evidence of a resumption of sales.

There are a number of potential developments but these are being held in abeyance until such time as the economic climate improves and finance is available at a realistic cost.

## RECEIVER FOR AUTOMATIC OIL

A receiver and manager has been appointed to Automatic Oil Tools, the Hounslow-based oil equipment company whose share quotation was suspended last week.

He is Mr. William G. Mackey of City accountants, Whinney Murray. Mr. Mackey said yesterday that an investigation is being made into the group's affairs and that in the meantime business is continuing.

# Dunlop jumps £12m. midway

A JUMP of £12.3m. to £32.1m. in group pre-tax profit is turned in by Dunlop Holdings for the first half of 1976, and although this rate of increase in unlikely to be maintained in the second six months the results for the full year are expected to show a useful increase on the peak £52m. achieved for 1975.

First half sales rose by 21 per cent. to £598m., while operating profits expanded by 40 per cent. to £41.9m., representing an improvement in margins from 6 to 7 per cent. At the attributable level the balance came through over 50 per cent. ahead at £8.1m. compared with £5.3m.

Commenting on the result the directors say that in Western Europe trading showed a mixed pattern. In the U.K. operating profits were higher than in 1975 partly due to the success of exports (£60m. up from £50m.). Dunlop France achieved a return to profitability but Germany, faced with the problem of cheap imports, recorded a small loss.

Dunlop companies in India, New Zealand, South Africa and the U.S. all showed strong improvements. Most associates, particularly in South America, contributed increased profits.

*Dunlop Holdings is raising its* interim dividend from 1.625p to 1.95p net— the total for 1975 was 3.575p.

| | First half 1976 £m. | 1975 £m. |
|---|---|---|
| External sales | 598 | 493 |
| Operating profit | 41.9 | 29.8 |
| Depreciation charged | 18.3 | 16.9 |
| Share of associates | 7.1 | 4.4 |
| Investment income | 0.7 | 0.4 |
| Profit | 40.7 | 34.7 |
| Financing charges | 17.6 | 14.9 |
| Profit before tax | 32.1 | 19.8 |
| Tax | 18.6 | 11.3 |
| Net profit | 13.5 | 8.5 |
| Minorities | 5.4 | 3.2 |
| Attributable | 8.1 | 5.3 |

The combined results of Dunlop Pirelli Union Companies as they affect Dunlop—excluding Industrie Pirelli S.p.A.—show first-half sales up by 23 per cent. to £875m., while profit before financing charges and tax increased by nearly 50 per cent. to £86m. and the net profit was £33m., an increase of 57 per cent.

For Industrie Pirelli external sales were up from £160m. to £199m. with profits of £1m. compared with a loss of £12m. for the same period of 1975. This was due to better trading conditions and cost improvements.

The directors point out that at the end of June Dunlop group borrowings represented 67 per cent. of shareholders funds, the same as at the end of June 1975, and comparing with 61 per cent. at the end of December 1975.

See Lex

## Ferro Metal first half progress

TURNOVER FOR the first half of 1976 of Ferro Metal and Chemical Corporation was little changed at £8.53m., compared with £8.68m. for the half year to March 31, 1975, while pre-tax profit increased from £167,659 to £191,318.

Net profit was £70,000 (£69,165) giving earnings per 20p share of 3.72p (3.84p).

Assuming no material adverse change the results for the year are expected to maintain the momentum shown in the first half, the directors state. For the 15 months to Dec. 31, 1975 pre-tax profit was £356,554.

An unchanged interim dividend of 1.5p net is declared. A final of 2.185p is forecast to make a total for the year equal to the rate for 15 months to Dec. 31, 1975 when the final was 3.108p.

The company is a 72.7 per cent. subsidiary of Greg-Gary International Corporation which, in turn, is wholly owned by Satra Corporation of New York.

## Continental Union up at halftime

First-half (to September 30, 1976) pre-tax revenue, of Continental Union Trust improved from £473,224 to £551,303—for the previous full year the figure was £847,974.

As foreseen, the net interim dividend is raised from 0.56p to 0.8p to reduce disparity. Dividend total in 1975-76 was 2.3p.

At September 30, 1976 net asset value per share was 122.6p, compared with 131.2p at March 31, 1976.

Revenue for the six months was struck after management expenses and interest charges up from £177,854 to £212,167. Tax takes £224,134 (£196,294).

## Pontin's confident of sustained growth

FOR THE future of Pontin's Sir Fred Pontin, chairman, is confident that group activities will continue to show increased earnings and sustained growth.

Preliminary figures indicate that, despite the present economic climate and the unemployment situation in the U.K., the group has enjoyed another very successful season in 1976, with further growth in turnover and profits, he reports.

In addition, the Pontinental Group showed very satisfactory growth which will be reflected in the profits contribution this divition will make towards the group *in the current year.* However, owing to disputes, it was not possible to complete the first phase of the conversion and expansion of the newly acquired Prestatyn Holiday Centre by the date originally anticipated and, therefore, this Centre will not make its anticipated contribution to group profits in 1976-77.

Referring to recent acquisitions, Sir Fred says he is sure that they will be of great benefit to the group and will add to its growth and profitability. One of these Solar Apparatus and Equipment, has developed an attractive and efficient solar heating panel and he believes that this presents considerable opportunities in both the commercial and industrial field and plans are being urgently pursued for a considerable expansion of this business to take advantage of a vast potential market.

The production of solar panels is presently carried out at a factory in Newton Abbot, Devon, and it is anticipated that by the end of next month output should be at the rate of 1,000 panels per week. As it is felt that the present premises are inadequate, negotiations are now taking place to acquire another factory of 10,000 square feet in Cornwall which will enable the company to increase production substantially in the new year.

Ambrose Builders, acquired in July, has developed a factory built timber-frame housing system suitable for use both in the U.K. and in other areas such as the Middle East. Encouraging inquiries are being received and it is hoped that this will lead to considerable orders.

*As reported October 23 group* pre-tax profit for the year ended March 31, 1976, amounted to £4.76m., compared with a forecast of at least £4.5m. made at the time of the rights issue in November and confirmed in April, and with £3.62m. for the previous year.

The group balance sheet reveals a reduction in the capital reserve from £11.79m. to £9.08m. This is accounted for by the move of charging exchange rate adjustments of £2.78m. to that reserve.

Cash and bank balances at the year end are up from £0.57m. to £2.37m., while bank overdrafts are shown to be down from £1.79m. to £0.2m. Short term loans secured amounted to £3.72m. (£1.50m.).

Meeting, 20, Aldermanbury, November 19 at noon.

## Growth at London Electric

*Gross revenue of London Electrical and General Trust* for the first quarter to September 30, 1976, was £280,510, against £207,550. Interest, expenses and tax took £151,921, compared with £120,652.

Earnings per 25p share are stated at 0.99p up from 0.66p.

In the year to June 30, 1976, gross revenue was £899,160, and earnings 3.01p per share.

The valuation of investments at September 30 was £13,361,000 against £10,801,847 for the corresponding quarter and £14,097,206 for last year. Net assets available for Ordinary shareholders were £11,969,202 (£11,170,100 and £12,782,093) and the value per share was 95p (89p and 101p).

Net asset value has been calculated after deducting at the current rate of exchange the loan of US$2.93m., and prior charges at market values.

No provision has been made for capital gains tax liability which may arise from future realisation of investments.

## RECENT ISSUES

### EQUITIES

| Amount Paid Up | Latest Renunc. Date | 1976 High | 1976 Low | Stock | Closing Price | + or − | Div. Per Amount | Times Covered | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|
| F.P. | — | £101½ | 230 | AmerenMedInt.Inc($1) | 950 | +12 | Q$4c | — | 1.4 | — |
| F.P. | — | £29 | £121¼ | Berry Pacific Fd. US$1 | £27¾ | +1¼ | 40c | — | 0.7 | — |
| F.P. | 17/9 | 70 | 56 | Borthwick (Thos.) 50p | 57 | +1 | b5.5 | 2.0 | 14.9 | 5.1 |
| F.P. | — | £30¼ | £26½ | Dentsply Int. Inc. ($1) | £27½ | +⅛ | — | — | — | — |
| F.P. | — | £31⅞ | £25½ | [illegible] $US1 | £28⅜ | +⅞ | $1.32 | — | 3.1 | — |
| P.P. | — | 132 | 96 | Tolux S.A. [illegible] | 130 | ... | | | | |

### FIXED INTEREST STOCKS

| Amount Paid up | Latest Renunc. Date | 1976 High | 1976 Low | Stock | Closing Price £ | + or − |
|---|---|---|---|---|---|---|
| F.P. | 29/10 | 97½ | 97 | Eastbourne Waterworks 9% Red. Pref. '85 | 97 | ...... |
| F.P. | — | $99 | $98½ | Gotaverken 8¾% Notes 1985 | $99 | ...... |
| F.P. | — | LF99 | LF98 | Ind. Fund of Finland 8% Guar. Notes '84 | LF99 | ...... |
| F.P. | — | $100 | $100 | Kockums Mek 8% Guar. Notes 1983 | $100 | ...... |
| F.P. | — | 98KD | 98KD | Korea Development 8¾% Guar. Bonds 1979 | 98KD | ...... |
| £10 | 4/2 | 11½ | 10½ | Mid-Sussex Water 8% Red. Pref. 1981 | 10½ | ...... |
| F.P. | 28/10 | 98⅝ | 97 | Mid-Sussex Water 14½% Red. Deb. 1982 | 98⅛ | ...... |
| F.P. | 28/1 | 103⅛ | 96½ | Tate & Lyle 13% 1994-99 | 99 | +½ |
| Nil | — | 2 | 1 | Trs-NtlCoalCp-Do-13½%Pty.Cv.UnDb1987/91 | 1pm | ...... |
| F.P. | 19/11 | 98¾ | 98 | York Water 10% Red. Deb. 1984 | 98 | ...... |

### "RIGHTS" OFFERS

| Amount Paid up | Latest Renunc. Dates | | 1976 High | 1976 Low | Stock | Closing Price p*** | + or − |
|---|---|---|---|---|---|---|---|
| F.P. | 15/10 | 5/11 | 41½ | 26 | Armstrong Equipment | 31½ | ...... |
| Nil | 5/11 | — | 190 | 118 | Bank N.S. Wales | 122 | ...... |
| F.P. | 15/10 | 12/11 | 138 | 113 | Black & Edgington | 113 | −1 |
| F.P. | 27/9 | 12/11 | 11 | 5 | Bonas Webb | 8½ | ...... |
| Nil | — | 8/12 | 385 | 283 | Broken Hill Props. | 315 | +16 |
| F.P. | 22/10 | 12/11 | 66 | 51 | Brown (Matthew) | 51 | −2 |
| F.P. | 24/9 | 5/11 | [illegible] | [illegible] | Buckleys Brew | 30 | ...... |
| F.P. | 29/10 | 12/11 | 260 | 191 | Comm. Bk. Aust. | 260 | ...... |
| Nil | — | 12/11 | [illegible] | 2 | Doornfontein Gold Mining | 5pm | +1 |
| F.P. | 29/10 | 1/12 | 31 | 26 | Fairbairn Lawson | 26 | ...... |
| Nil | 1/11 | 17/11 | 3 | Nil | General Accident | Nil | ...... |
| F.P. | 29/10 | 10/12 | 115 | 101 | Howden (Alexander) | 101 | −2 |
| F.P. | 22/10 | 18/11 | 67 | 47 | Lonrho | 49 | +2 |
| Nil | 3/12 | 17/12 | 55 | 42 | National Bank of Australasia | 58pm | +5 |
| F.P. | [illegible] | [illegible] | 30 | 22 | P.M.A. | 24 | ...... |
| Nil | 8/10 | 12/11 | 6¾ | 5 | Shakespeare (J) | 26pm | ...... |
| Nil | 5/11 | — | 18 | 3 | S. A. Land & Exp. | 12pm | +3 |
| Nil | — | — | 7 | 4 | Trans-Natal Coal | 7pm | +5 |
| F.P. | 18/6 | — | 141 | 85 | Western Mining | 108 | +6 |
| P.P. | — | — | [illegible] | 67 | Woodside-Burmah | 90 | +10 |

Renunciation date usually last day for dealing free of stamp duty. a Placing to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. s Forecast dividend: cover based on previous year's earnings. u Figures based on prospectus or other official estimate for 1976. t Figures assumed. † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ♦ Reintroduced. ¶ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). ? Provisional or partly-paid allotment letters. ≠ With warrants. ф After suspension. KD Kuwait Dinar.

## MINING NEWS

# Australian uranium's slow fox-trot

BY KENNETH MARSTON, MINING EDITOR

THE long-awaited and vital environmental inquiry into the possible effects of uranium mining at the Peko-Wallsend and EZ Industries Ranger deposit in the Northern Territory has given the mining industry a qualified approval, to the surprise of many observers.

But the inquiry, chaired by Mr. Justice Russell Fox, stresses that mining, milling and export of Australian uranium must be carried out under strict control. Furthermore, any decision on mining of the rich uranium deposits is recommended to be postponed until the inquiry presents its second report which will deal more specifically with the Ranger deposit.

The Fox report also gives its weight to Australia's policy of limiting foreign ownership and maintaining domestic control of uranium operations. It considered that such control should help to ensure that the marketing of the material will be carried out in an orderly manner.

Now we have to wait for the second report from the inquiry which, it is hoped, may come before the end of this year. As far as the mining companies are concerned, those sitting on proven deposits of high grade ore will want to know how the production and export permission will be granted: are they on the starting grid or, as seems more likely, will they be given permission to go ahead in a set order?

At all events, the hope is that at long last Australia is to be allowed to develop a domestic uranium mining industry which will be based on deposits, the grade of which must rank among the highest in the world. Too long have such companies as Peko-Wallsend, Pancontinental, Queensland Mines and Western Mining, sat watching while other world uranium producers have *snapped up profitable uranium* supply contracts. Reflecting the industry's new hopes: Pancontinental shares rose £1.75 to £10.25 yesterday while Peko gained 60p to 530p.

### BELGIAN GROUP IN THE RED

Belgium's **Compagnie Royale Asturienne des Mines**, which has lead and zinc mining and smelting interests in Spain and France, will still make a loss this year, although figures are improving in the second half.

The company's quarterly communique says that at the end of the third quarter mineral output was running at the same level as in 1975, but that there had been some increase in finished metal production. Last year there was a loss of B.Frs.77.16m. (£1.3m.).

### NB Hill hits more good ore

LATEST drilling at Australia's **North Broken Hill** continues to turn up evidence that the company has made a major lead-silver-zinc discovery below the existing mine, reports our Sydney correspondent. Shareholders at yesterday's meeting were told of assays from a new hole No. 2104, which has found a new ore type 1584 metres underground.

The earlier rich intersections have been in the same ore type as the existing North and South bodies but the latest hole has suggested a zinc-rich lode similar to that occurring in the southern end of the Broken Hill field in the Zinc Corporation and New Broken Hill leases. "This is the first time this ore has been found in our leases and it opens interesting possibilites," the meeting was told.

The hole assayed 5 per cent. lead, 344 grams a tonne silver and 12.9 per cent. zinc over 17.1 metres. It also intersected an area of low lead-zinc content but with a high silver grade of just over half a kilogram (16 ounces) a tonne. It is estimated that the worth of the silver alone is $A60 to $A65 a tonne before smelting and transport charges.

A thorough drilling programme will take two to three years before reserves are proven and it is expected to take another five to ten years to bring the zone into production. Shareholders were also told that the market outlook for lead has swung round from "very bleak" to a situation where available markets apear to exceed the company's ability to smelt and supply. North Broken Hill shares rose 12p.

### PROFITS DIP AT ROBE RIVER

The Western Australian iron ore producer, **Robe River**, suffered a sharp reduction in net profits during the year to June 30 They were $2.2m. (£1.7m.), compared with $4.06m. in 1974-75 and no dividend is being paid.

Robe River was lagging behind at the halfway stage because of higher costs and lower production, but the deterioration quickened in the second half.

Last month the iron ore mine in Western Australia in which Robe River is partner with **Cliffs Western Australian Mining** and **Mitsui**, won a contract to supply an extra 3m. tonnes of pellets to Japan after 1979.

*Robe River was the subject of* a takeover battle earlier this year, which ended with the Australian conglomerate, **Burns Philp**, and the U.S. group, **Engelhard Minerals** taking a controlling interest. Yesterday Robe River were unchanged at 100p.

### RETURN OF CAPITAL BY AMAL. TIN

Following the sale of a 40 per cent. interest in its operating subsidiaries to the state-owned **Nigerian Mining Corporation**, the London group, **Amalgamated Tin Mines of Nigeria**, is planning a return of capital of 15p a share. A resolution to this effect will be put to shareholders on December 2.

The news prompted a rise in share price of 3½p to 34½p yesterday. But the chairman, Mr. D. R. Mitchell, had hinted at the possibility of such a distribution in a letter to shareholders last August when he explained the circumstances of the sale to NMC. "Your Board will give consideration to the use of the proceeds of the sale following their receipt in the U.K.," he said.

Amalgamated Tin's net profits for the year to the end of March were £156,328 against £674,830 in 1974-75. The fall had been anticipated by Mr. Mitchell, who complained in August about the erosion in earnings called by the fall of the pound against the Nigerian naira. He also pointed to the 40 per cent. inflation in Nigeria and its effect on operating costs.

### TCL PROFITS MOVE AHEAD

South Africa's **Transvaal Consolidated Land** reports a jump in net profits to R13.38m. (£9.6m.), equal to 183.2 cents (132p) per share for the year to September 30. This compares with R9.98m., or 136.7 cents per share for 1974-1975. TCL is declaring a final dividend of 52 cents (37p) which makes a year's total of 75 cents against 65 cents. The shares were £9½ yesterday.

### MINING BRIEFS

**GOLD AND BASE METAL MINES**—Output of concentrates (73 per cent. grade) for September; tin 24 tonnes, columbite 1 tonne. Nine months to date, tin 251 tonnes, columbite 6½ tonnes (same period last year, tin 274 tonnes, columbite 5 tonnes.)

# Glaxo plans for expansion

CONTINUED DEMAND for the group's products at home and overseas has been the most significant factor contributing to the jump of 78 per cent. to £74m. in the pre-tax profit of **Glaxo Holdings**, for the year ended June 30, 1976.

Mr. Austin Bide, chairman, points out that in contrast to last year, the group's profits were also aided by increased margins. The group was able to raise prices in some markets and *favourable exchange* rates increased the value of sales in others. In addition, manufacturing costs and trading expenses were held down.

The increase in profits attributable to the devaluation of sterling was about £7m. and this includes nearly £3m. caused by converting the trading profits of overseas subsidiaries into sterling at current rates instead of last year's rates.

Referring to the construction Dumfriesshire of a factory for fine chemical operations, the chairman says that the first phase will cost £14m. and adequate land has been acquired to enable the facilities to be expanded as occasion demands. Investment in plant and buildings is also being made at four factories. The total cost of these U.K. production projects is about £27m.

For pharmaceuticals, Mr. Bide reports that demand in the bulk market has strengthened during the year but margins have remained narrow. During the past few months, however, international prices have hardened appreciably and it appears probable that the anticipated upswing in this cyclical business is starting.

The chairman points out that at present the rate of spending on research and development worldwide is about £17m. per annum. Good progress is being made to expand the facilities of Allen and Hanburys Research.

The total cost of these operations which will extend over the next one and a half to two years, is in the region of £9m.

A source and application of funds statement shows that there was an increase in liquid funds of £36.49m. (£3.49m. decrease)—an increase in U.K. Government securities and short-term deposits £43.9m. (£2.51m. decrease) and a reduction in cash loans and overdrafts of £3.4m. (£0.98m.).

At June 30 U.K. Government *securities stood* at £50.89m. (£9.75m.) short-term deposits were up from £20.2m. to £22.98m. and cash increased from £6.08m. to £10.47m. Loans and overdrafts appeared at £29.97m. (£20.16m.). Year-end capital commitments stood at £38.59m.

It is group policy to write off goodwill and in the year 1975-76 an amount of £1m. (£4.2m.) has been charged direct to reserves. In the auditors opinion the SSAP requires that such charges shall be dealt with through the profit and loss account, but pending the issue of a SSAP on the treatment of goodwill in accounts they concur with the group's policy.

It is proposed at the AGM to appoint Coopers and Lybrand joint auditors of the company with Clark Pixley. The directors explain that while Clark Pixley audit the accounts of Glaxo Holdings and the majority of the U.K. subsidiaries, the accounts of overseas subsidiaries are audited by a number of different firms. They consider there are advantages in concentrating the audits of overseas subsidiaries under one firm and steps are being taken to appoint Coopers and Lybrand where local conditions permit.

The accounts reveal that the group contributed £20,000 to the Conservative Party during the year.

Meeting, Park Lane Hotel, W., December 13 at noon.

**Chairman's statement Page 23**
**See Lex**

# No payment from Bolton Textile

ON GROUP turnover down from £9.71m. to £9.01m. pre-tax profit of **The Bolton Textile Mill Company**, textiles and women's clothing group, slumped from £399,000 to £30,000 for the year ended April 30, 1976, after £152,000 (£303,000) for the first half. There is no dividend, against 1.225p net per 5p share.

The disappointing trading results, chairman Mr. I. Goletka, says are due in the main to reduced margins, the sale of old slow-moving stocks and the steadily increasing costs of contracted imports.

But figures available for the first few months of the present year show an upward trend in trading profit and the directors look forward to the resumption of dividend in 1977.

Extraordinary items up from £172,000 to £532,000—mainly arising from the sale of the group's former London headquarters, the share capital of Withdean Securities and the disposal of its interest in premises at Great Sutton Street, London—lifted attributable profit from £346,000 to £547,000.

| | 1975-76 £000 | 1974-75 £000 |
|---|---|---|
| Group turnover | 9,009 | 9,708 |
| Profit before tax | 30* | 399 |
| Taxation | 15 | 225 |
| Net profit | 15 | 174 |
| Extraord'nary credits | 532 | 172 |
| Attributable | 547 | 346 |

July 31, 1976, is expected to be £180,000, subject to tax of £120,000. Extraordinary debits are expected to be £44,000.

No credit has been taken for any tax relief on the loss of £250,000 or for any payment by the Receiver of any dividend on the unsecured debt.

In 1974-75 the group earned a profit before tax of £345,000.

## Talbex hit by failed subsidiary

The directors of **Talbex** state they are not yet able to quantify accurately the loss suffered following the appointment of a Receiver to the subsidiary, London Plastic Packaging, but estimate the maximum will be £250,000.

Excluding this loss, group trading profit for the year ended

## Green's Economiser progress

FIRST HALF 1976 turnover of engineers, **Green's Economiser Group**, expanded from £4.78m. to £6.05m., and pre-tax profit increased from £0.89m. to £1.04m.

The directors anticipate that second half profits will be similar to those now reported. Profit for the year 1975 was £1.82m.

Success in export markets has led to a much healthier order book than at the beginning of the year, and they look to the future with increased confidence.

Earning per 25p share for the six months were 6.11p (same adjusted). The interim dividend is lifted from 1.055p to 2.12p—half the maximum permitted total for the year (3.855p).

| | Half year 1976 £ | 1975 £ |
|---|---|---|
| Turnover | 6,049,960 | 4,776,103 |
| Trading profit | 994,484 | 834,574 |
| Interest receivable | 94,346 | 103,408 |
| Interest payable | 46,223 | 48,935 |
| Profit before tax | 1,042,607 | 889,394 |
| Taxation | 536,514 | 476,433 |
| Extraord. credits | 8,925 | *17,984 |
| Attributable Ord. | 515,018 | 393,955 |

* Debits.

The surplus on exchange arising from the translation into sterling of the South African subsidiaries balance sheet at June 30, 1976 at the rate then ruling has not been included in the profit for the half year.

# Recovery for Scott and Robertson

ON TURNOVER up from £6.64m. to £7.46m., pre-tax profit of jute, textiles, etc., group **Scott and Robertson** *for the half-year* to August 27, 1976, recovered from £47,746 to £367,095. The interim dividend has been restored with a payment of 0.914p net per 25p share. Last year's only dividend was 1.6627p from profits down from £600,130 to £109,249.

The directors state that profitability shows a marked improvement for the current year, as anticipated last May.

Despite the current economic difficulties, they say there does not appear any reason at this stage to alter this view.

Tax for the half-year was £190,000 (£27,541) leaving £177,095 (£20,205) before extra-ordinary credits £25,540 (£12,031). The figures for the half-year exclude Van Cleeff Hessian, which has been sold.

| | Half-year 1976 £ | 1975 £ |
|---|---|---|
| Turnover | 7,460,608 | 6,647,000 |
| Profit before tax* | 367,095 | 47,746 |
| Taxation | 190,000 | 27,541 |
| Net profit | 177,095 | 20,205 |
| Extraordinary credits | 24,540 | 12,031 |
| Attributable | 201,635 | 32,236 |

* After depreciation and loan interest.

Extra-ordinary items in the half-year include a surplus of £75,000 arising on the purchase and subsequent cancellation of a portion of the company's unsecured loan stock. Against this has been set exchange losses of £43,000 arising on the repayment of the company's borrowings in Holland, and the expenses of sale of Van Cleeff, £7,000.

peak was passed in August, the directors state.

With the holidays ended and continued national economic difficulties there is now a slight downward trend in current pattern of sales compared with last year, and it will be difficult to maintain the rate of growth achieved in the first half, they add.

The interim dividend is lifted from 0.784p to 0.86p net per 25p share. Last year's total was 2.852p from profit of £730,758.

## Photax falls but beats forecast

On turnover down from £2.04m. to £1.83m., pre-tax profits of **Photax (London)** for the six months ended June 30, 1976, have fallen from £220,000 to £146,000. This is still in excess of the forecast by chairman Mrs. E. Jacobs that they would at least equal the £108,000 for the second half of last year.

Interim dividend is 1.155p net per share, against 1.05p. Last year's total was 2.217p after profits of £328,173.

| | Six months 1976 £ | 1975 £ |
|---|---|---|
| Sales | 1,929,000 | 2,055,904 |
| Profit before tax | 146,000 | 220,000 |
| Taxation | 75,920 | 114,400 |
| Net profit | 70,080 | 105,600 |
| Interim dividend | 23,100 | *19,950 |

* After waivers of £1,658.

The chairman says that sales in the current September quarter are 12½ per cent. ahead of the previous comparable period, but margins are still under considerable pressure from sterling's weakness and rising costs.

Notwithstanding the difficulties, the chairman says that the company's trading position continues to strengthen.

The situation in respect of the Australian subsidiary has not changed, says Mrs. Jacobs, and the company's investment remains under constant review.

# Walter Lawrence peak £1.3m.

RECORD pre-tax profit of £1.3m. for the year to June 30, 1976, a jump of 54 per cent., is announced by **Walter Lawrence**, the building and construction group which went public in July last year. At halfway the figure was up from £185,000 to £534,000.

Compared with the prospectus forecast of 4.5p, dividend total is up from 4.25p to 5.5p, with a final of 3.5p net per 25p share; earnings per share are 14.6p (9.5p).

Looking to the future the directors say that a good cash flow has resulted in a substantial reduction in bank borrowings and this will enable the group to sustain expansion by internal development and by acquisition.

The group is in good shape and has made an encouraging start with satisfactory order books and will be aggressively seeking further work at home and abroad.

In the absence of unforeseen circumstances, the results for the current year "will not be unsatisfactory."

All building companies made significant contributions to profits. The order book for the present year is "not unsatisfactory."

Net rental income from property interests increased from £131,000 to £172,000 although there was a reduction in property investment. "The residential market has been buoyant during 1976 particularly at the lower end, where sales have been good," the directors report. Of the 52 residential properties in the development at Highgate, 31 have now been completed, 23 of which have been sold and a further six are under offer.

The timber products division returned to profit in the second half, but made a loss over the year as a whole of £30,000 compared with a loss in the previous year of £193,000. The engineering subsidiary contributed a small profit in what was a difficult trading year in the engineering industry.

| | 1975-76 £000 | 1974-75 £000 |
|---|---|---|
| Turnover | 25,700 | 19,900 |
| Pre-tax profit | 1,301 | 844 |
| Tax | 677 | 463 |
| Minorities | 42 | 2 |
| Net balance | 582 | 379 |

## Challenge Corpn. scheme in doubt

At yesterday's meetings of **Challenge Corporation** in connection with the proposed scheme of arrangement, an overwhelming majority of votes were cast in favour of the resolutions.

However, the number of shares represented at the meeting of the 5½ per cent. Preference shares fell short of the quorum required by a comparatively insignificant number of shares.

As required, an appropriate report is being made to the Court, and in these circumstances, shareholders are informed that the scheme may not proceed. A further announcement will be made when the decision of the Court is known.

## U.K. Prop. midway deficit

A TURNROUND from a loss of £416,000 to a pre-tax profit of £10,000 is reported by **United Kingdom Property Company** for the half-year to September 30, 1976, compared with the six months to December 31, 1975. For the nine months to March 31, 1976, there was a deficit of £510,000.

The half year's profit is struck after substantially reduced interest charges of £903,000 (£1,553,000). Deducting tax and after extraordinary debits of £351,000 (£225,000 credits), there is an overall loss of £634,000 (£245,000).

| | Six months *1976 £000 | 1975 £000 |
|---|---|---|
| Prop., etc., expenses | [illegible] | [illegible] |
| Interest charges | 903 | 1,553 |
| Credit interest† | — | [illegible] |
| Pre-tax profit | 10 | ‡416 |
| Taxation | [illegible] | 54 |
| Extraordinary debits | 351 | §225 |
| Loss | 634 | 245 |

* To September 30, 1976 (December 31, 1975). † Interest in development properties. ‡ Loss. § Credits.

## Abrasives down at midterm

Turnover of descaling, decontaminating and metal-finishing machines manufacturer, **Abrasives International** for the six months to June 30, 1976, increased from £0.93m. to £1.08m. but pre-tax profit slipped from £54,000 to £45,000.

The directors state that these disappointing results have continued to the extent that the trading profit for the year is unlikely to be significantly in excess of that for the half-year.

There is now, however, a steadily improving order position, they report, and this will benefit next year.

Interim dividend is maintained at 0.56p net per 10p share, and the directors expect, in the absence of unforeseen circumstances, to maintain the total at last year's 1.4p, paid from profits of £96,000.

| | Six months 1976 £000 | 1975 £000 | Year 1975 £000 |
|---|---|---|---|
| External turnover | 1,075 | 935 | [illegible] |
| Profit before tax | 45 | 54 | 96 |
| Tax | [illegible] | [illegible] | 42 |
| Extraord. debits | [illegible] | [illegible] | — |
| Net balance | [illegible] | [illegible] | 49 |
| Minorities | 1 | 2 | — |
| Attributable | 17 | 5 | 46 |

### LOXSTAR OPENS NEW FACTORY

A new headquarters has been opened by **Loxstar**, a subsidiary of Cope Sportswear, at Fishburn in Cleveland. The new factory, phase 2 in the company's three year growth plan for the North East, is geared to investment in new plant and machinery and the creation of employment in the Cleveland area.

## Border Breweries prospects

Estimated pre-tax profit of **Border Breweries (Wrexham)** increased from £379,000 to £406,000 in the half-year ended August 31, 1976.

While the overall sales increase on last year's good figures was satisfactory, it seems that the



## BIDS AND DEALS

# Century Oils rejects £4.2m. BP offer

BY RAY DAFTER, ENERGY CORRESPONDENT

A £4.23m. bid by **British Petroleum** for **Century Oils**, the largest independent company in the industrial lubricants field, was immediately dismissed yesterday as "totally unacceptable."

BP, anxious to link Century with its Alexander Duckham subsidiary, offered 50p per share, fractionally above the highest price achieved by the shares in the past three years. The market price jumped 23p to 52p with the news.

Century, which reported a pre-tax profit of £820,400 on a £14m. turnover in the last financial year, said it considered the price of 50p per share "totally inadequate." Mr. Charles Mitchell, its chairman, said that the company held a unique position in the market. "British Petroleum is attempting to acquire at a stroke a significant share in the market in industrial lubricants, where it is weak, and Century Oils believes that this can only be against the interests of its customers, other independents and its employees."

Mr. Denys Milne, chairman of Duckham's, estimated that Century held 8 per cent. of the industrial lubricants market (a figure regarded as low by Mr. Mitchell); Duckham had a 22.5 per cent. share with BP's own brand having a further 6 per cent.

In the retail lubricants market, it was estimated that Duckham had an 18 per cent. stake, BP Oil had an 8 per cent. share and Century's share was less than 1 per cent.

Mr. Milne said he saw the two companies as complementary; each had about the same size of turnover; they both had about 800 employees. It was BP's intention to form a new group which would combine the activities of the two companies although their individual identities would be retained.

While it was not anticipated that there would be any immediate redundancies as a result of the proposed acquisition and merger it was possible, in time, that savings could be made in some of the supporting services.

A BP statement said that the proposed new group would trade at arm's length from BP and retain the freedom to develop its own marketing policies.

Over the years a number of major companies have shown interest in Century. According to Century, they had respected the group's desire to remain independent.

Mr. Mitchell said that with share prices at "crazy" levels the group could not be surprised that a bid had been made. "But we are devoted and independent people."

Century is being advised by S. G. Warburg and BP's advisers are Lazard Brothers.

### BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

**TO-DAY**

Interims—Allebone, Craig Shipping, L. K. Industrial Investments, John Menzies, B. and I. Nathan, George G. Sandeman, Scottish Ontario Investment.
Finals—Construction Holdings, F. Copson, J. Hepworth, Lowland Investment.

**FUTURE DATES**

| | |
|---|---|
| Interims— | |
| Allied Leather Industries | Nov. 22 |
| Avana | Nov. 1 |
| Hoveringham | Nov. 8 |
| Melville Dundas and Whitson | Nov. 23 |
| Polymark International | Nov. 12 |
| Reed (William) | Nov. 10 |
| Tanganyika Concessions | Nov. 3 |
| Usher-Walker | Nov. 3 |
| Finals— | |
| Linread | Nov. 5 |
| Longbourne | Nov. 3 |
| National Bank of Australasia | Nov. 11 |
| Wolseley-Hughes | Nov. 12 |

### DESOUTTER HOLDERS ASKED FOR THEIR OPINION

Morgan Grenfell, financial advisers to **Compair**, has sent a letter and reply-paid postcard to minority holders in **Desoutter Brothers** as they consider that the recent rejection of their takeover proposals by the Desoutter Board may not reflect the views of shareholders in general.

The revised terms of the offer, representing a 30 per cent. increase over the previous bid, are seven Compair shares for every two Desoutter, valuing Desoutter at 147p each with Compair at 42p, down 3p yesterday.

There is also a cash offer of 170p a share up to a maximum of £4m.

The shares of Desoutter, whose directors and their families control 53 per cent. of the equity, fell 8p to 120p yesterday.

Morgan Grenfell explains that completion of the postcard does not in any way commit holders to accept any offer: it sole purpose is to assess whether shareholders believe that the Desoutter Board should reconsider its refusal to support the merger of the two companies.

Desoutter meanwhile remains unimpressed. In a letter issued last night, the Board and its advisers Samuel Montagu, urge shareholders to ignore Compair postcards, pointing out that the accompanying letter does not constitute a formal offer document.

A letter from the Desoutter Board, which has rejected the offer as "fundamentally inadequate," is also promised early next week which will give a detailed rejection of Compair proposals and include a profit forecast for 1976.

### WARRINER AND MASON

Cash-and-carry wholesale group **Warriner and Mason** of Birmingham expects annual turnover to increase by about £8m. to over £125m. with the proposed acquisition, subject to contract, of the delivered trade and all but two of the depots of Midlands grocery chain **King Goodwin**. Price of the purchase has not been disclosed.

Under the deal, Warriner and Mason will take over King Goodwin's cash-and-carry warehouses in Gloucester, Worcester, Newcastle-under-Lyme and Hanley, together with its Alliance of Private Traders symbol trade business operated from Worcester and Newcastle-under-Lyme. This will give Warriner and Mason 64 warehouses spread across the country.

### MANBRE & GARTON

Tate and Lyle has posted its document containing proposals regarding **Manbre and Garton's** 7 per cent. Convertible Unsecured Loan stock 1993-98.

The basis is for each £100 stock either £142 cash or £71 of 13 per cent. Convertible Unsecured Loan stock 1994-99 of Tate and £71 cash.

The proposal effectively gives Manbre stockholders the benefit of the increased offer for the Ordinary.

### SOBRANIE

**Sobranie Holdings** has completed the purchase of the freehold interest at Brookgreen laundry, Ravenscourt Park, London.

# SWS selling Finlay stake

**Slater Walker Securities** is selling its 29½ per cent. stake in the Glasgow-based **James Finlay** plantation company to **John Swire and Sons** in a cash deal worth £4.47m. The price is 150p per stock unit, compared with 124p in the market before the news.

Following completion two representatives of Swires will be invited to join Finlay's Board. At the same time Mr. R. E. Whitten, a director of SWS, will resign from the Finlay Board.

Finlay has extensive plantation interests, and is strong in merchant banking, international confirming and finance, and the manufacture of confectionery and beverages. It has a share in the North Sea Ninian Field and in offshore servicing through an investment fund which it also manages.

Swire is one of the largest U.K.-based private groups, having interests throughout the Far East and Australasia, including shipping, aviation, trading industries, property, engineering and insurance. During the past two years it has built up interests in the offshore oil service and support sectors through joint ventures with Field International Drilling Company Petrocon Group, and Northern Offshore.

Finlay says it welcomes the involvement by Swire, which follows discussions over a number of months, and anticipates the relationship will assist it in its future development. "In particular Swire's trading knowledge and experience of countries where Finlay is not represented will be of great value."

Swire has confirmed that the holding is being acquired for investment purposes and that it has no present intention of acquiring further Finlay stock or making a general offer. The investment is an extension of its policy of equity participation in companies where there are complementary overseas trading interests and with which it hopes to develop joint venture activities.

SWS will be entitled to retain the interim dividend of 2.75p net declared recently by Finlay, and payable on December 8.



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# INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Kuhn Loeb may merge with Blyth Eastman Dillon

BY STEWART FLEMING

NEW YORK, Oct. 28.

TWO OF Wall Street's leading securities houses, Blyth Eastman Dillon and Kuhn Loeb, are reported to be discussing a possible merger.

The reports appeared in this morning's Wall Street Journal and so far none of the companies concerned has agreed to comment on them.

The clearest indication that tentative discussions at least are underway came from the Philadelphia based financial conglomerate Ina Corporation which owns 60 per cent. of Blyth Eastman Dillon.

Mr. Ralph S. Saul, Ina chairman and chief executive, after first declining specific comment added "there are always talks going on between firms on the street nowadays."

Earlier this year Ina increased its stake in Blyth Eastman Dillon to 60 per cent. in a deal which saw a 20 per cent. stake in the concern go to the French investment banking house, Compagnie Financiere de Suez.

At that time, the capital of Blyth Eastman Dillon was increased to $80m. Private estimates suggest that Kuhn Loeb managed underwritings of $600m. in the first half of 1976 and Blyth Eastman Dillon managed underwritings of $1.2bn.

Kuhn Loeb has, however, been rumoured for some time to be seeking a partner. The company is recognised as being one of the most influential of Wall Street's long-established securities houses and it was a U.S. adviser to Burmah Oil for some time.

Wall Street sources suggest that in order to make full use of its overseas network of contacts — it is financial adviser to the Philippines for example — the company needs to increase its capital resources. A merger with a securities firm like Blyth Eastman Dillon with its institutional backing (INA has assets of over $4.0bn.) would be one way to achieve this.

## Recovery maintained for KLM

BY MICHAEL VAN OS

AMSTERDAM, Oct. 28.

KLM, Royal Dutch Airlines continued its recovery in the second quarter of this year, but it is warned in the quarterly statement published in Amstelveen to-day that the "forceful recovery" of the past summer was not expected to continue in the second half of the financial year.

The airline to-day reported a net profit of Fls.89m. for the period July to September inclusive, compared with Fls.55.9m. in the same period the year before.

This brought the first half's profits up to Fls.109.8m., which is treble the profits of the same period last year (Fls.34.2m.). The profit per Ordinary share rises to Fls.28.66 in the second quarter (Fls.18.02) and to Fls.35.36 in the April to September session (Fls.11.03).

The short statement by KLM, which reported earlier that a "modest profit" was expected to be made this year compared with several years of heavy losses, showed that the airline's operating revenue in the second quarter rose to Fls.730m., representing an increase of 14 per cent. on the same period the year earlier. The half-year figure rises 16 per cent. to Fls.1.36bn.

Total operating costs, including depreciation, rose by a lesser pace in the period, going up 12 per cent. to Fls.645.7m. Interim costs were up also 12 per cent. to reach Fls.1.25bn.

This leaves KLM with a second quarter operating profit of Fls.84.3m., comapred with Fls.62m. and the half-year figure rises to Fls.107.7m. (Fls.50.7m.).

KLM, which is now entering what is traditionally its most difficult time of the year, said that the July-September quarter had shown an increase in ton/kilometre production of 2 per cent. Passenger traffic on scheduled flights and mail transport went up 3 per cent. Freight transport advanced relatively strongly, to rise by 13 per cent., while charter transport also showed a major improvement, increasing 13 per cent. Total transport, it is added, was 6 per cent up on the same quarter the previous year.

KLM added in to-day's statement that the load factor—an important lead indicator—has risen to 59.3 per cent. in the second quarter, compared with 56.9 per cent. in July-September the year before.

## Salzgitter looks ahead

BY OUR OWN CORRESPONDENT

BONN, Oct. 28.

SALZGITTER, the West German government-owned steel and engineering group, expects only slight improvement in business conditions during the 1966-67 financial year after the "complex and difficult" year which ended at September 30.

Giving a preliminary survey of last year's results yesterday, the Salzgitter chairman, Herr Hans Birnbaum, said it was not possible to tell whether the company had managed to balance its books. Comparisons with the previous year would be difficult, he said, because of adjustments between hidden and published reserves, but there had been no need to dip into published reserves. Herr Birnbaum made it clear that the coming year would almost certainly show no significant improvement in the steel market. In spite of a return to profitability during June, the October figures, he said, would once again yield a "slightly red" operating result. Salzgitter did not expect a significantly better climate in the industry much before 1978.

During the 1975-76 business year, Salzgitter's steel turnover declined by 4.5 per cent. to 4.1m. tons. As a result, the company said that short-time working during the early part of the next calendar year was "not to be excluded." But Herr Birnbaum emphasised that this would not occur before Christmas and would be regarded as a measure of last resort. Group employment is already down by 10 per cent. from the 20,000 figure of two years ago.

While the setbacks to Salzgitter were mainly due to the situation in the crude steel market as had been clear earlier in the year, other branches of the group showed a better performance. The steel trading subsidiary earned a DM25m. profit, while the Salzgitter finishing and engineering divisions turned in a similar profit after suffering a DM5m. loss in the previous year. Another bright spot was natural gas which showed a DM50m. profit compared to DM30m. in 1974-75. Mining contributed DM13m. to profits.

Herr Brinbaum also reported that the group's shipbuilding interests earned some DM30m., but most of this was transferred to reserves. The yards should be able to continue in operation without showing a loss on the basis of precautions already taken.

The Salzgitter chairman said he was hopeful of getting a DM100m. capital injection from the 1977 federal budget. Investment plans up to 1980, involving the expenditure of DM2bn., would be maintained, with some DM600m. being put into new plant and equipment this year.

EUROBONDS

## Austrian bank to raise $40m. loan

BY TONY HAWKINS

A NEW floating rate note issue for Oesterreichische Kontrollbank was announced last night. The $40m. Eurobond loan is guaranteed by the Republic of Austria and has a 6-year bullet maturity. The coupon rate will be ¾ per cent. above the six-month London interbank offered rate (Libor) with a minimum of ... per cent. Final terms to be fixed on November 5.

Lead manager is the European Banking Company Limited.

In the secondary market yesterday prices tended better in the afternoon following the prime rate cut in the U.S. In first-time trading Kockums was quoted at 99-99½ after being priced at par.

Also in first-time trading the DM50m. Sekisui Prefab Homes 6¼ per cent. convertible opened at 98¾-99¾, drifting lower to 97¾-98¾. Reflecting the general weakness of Japanese convertibles under present trading conditions, the Sanyo convertibles were lower at 95¾-96¾. Dealers noted some profit-taking and selling of the shorter term issues. Deutschemark bonds continued to be in demand.

BOND TRADE INDEX

| | Thursday | Wednesday |
|---|---|---|
| Medium | 101.54 | 101.53 |
| Long | 93.33 | 93.31 |
| Convertibles | 104.93 | 104.93 |

### SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

| STRAIGHTS | Bid | Offer |
|---|---|---|
| ...n 9½pc 1988 | 104 | 104¾ |
| ...ralia 8¼pc 1991 | 99 | 99½ |
| ...ater 9½pc 1986 | 103½ | 104½ |
| ...se Natl. Auto. 9½pc '91 | 100 | 100½ |
| ... 9½pc 1985 | 101½ | 102 |
| ...mark 8½pc 1984 | 95¼ | 95¾ |
| ... 9½pc 1986 | 102 | 102½ |
| ... 8½pc 1988 | 99 | 99½ |
| ... 9½pc 1985 | 103½ | 104 |
| ... 8pc 1988 Nov. | 102½ | 103½ |
| ...idma 8½pc 1983 | 101½ | 102½ |
| ...ages 9½pc 1985 | 103 | 103½ |
| ... Canada 9½pc 1986 | 104½ | 105¼ |
| ...sey Ferguson 9½pc 1991 | 104½ | 105 |
| ...helin 9½pc 1988 | 101½ | 102¼ |
| ...p 9pc 1956 | 99 | 99½ |
| ... Westminster 9pc 1986 | 99½ | 100½ |
| ...foundland 8½pc 1988 | 100¾ | 101½ |
| ...alpe 9½pc 1986 | 103 | 103½ |
| ...ak Hydro 9pc 1991 | 100½ | 101 |
| ... 9pc 1988 | 101½ | 102½ |
| ... Quebec 9pc 1984 | 102 | 103¼ |
| ...bec Hydro 8½pc 1986 | 99 | 99½ |
| ...dvik 9½pc 1986 | 102 | 102½ |
| ... Saskatchewan 8½pc '86 | 100½ | 101½ |
| ...d. Oil (Ind.) 8½pc 1986 | 103½ | 104½ |
| ...iska Handels 9½pc 1986 | 103½ | 104½ |
| ...o 9½pc 1985 | 104 | 104¾ |
| **NOTES** | | |
| ...ralia 8½pc 1983 | 101½ | 102½ |
| ...k of Tokyo 8½pc 1981 | 102 | 102½ |
| ...ish Gas 9pc 1981 | 101½ | 102 |
| ...mark Mt. Bk. 9pc 1983 | 101½ | 102 |
| ... 8½pc 1981 | 102½ | 103 |
| ... 8½pc 1982 | 100½ | 100½ |
| ...helin 8½pc 1983 | 100½ | 101 |
| ...treal Urban 8½pc 1981 | 101 | 101½ |
| ...L Financiera 10pc 1981 | 102½ | 103½ |
| ...3 8½pc 1981 | 100½ | 101 |
| ... Bruns. Prov. 8½pc '83 | 102½ | 103 |
| ...gram 9pc 1983 | 104½ | 105½ |

Source: White Weld Securities.

| CONVERTIBLES | Bid | Offer |
|---|---|---|
| American Express 4¼pc '87 | 81½ | 83½ |
| Ashland 5pc 1988 | 82½ | 84½ |
| Beatrice Foods 4½pc 1992 | 99½ | 101½ |
| Beatrice Foods 4½pc 1992 | 112½ | 114½ |
| Borden 5pc 1992 | 100½ | 102½ |
| Broadway Hale 4½pc 1987 | 79 | 81 |
| Canon Camera 7¼pc 1989 | 157 | |
| Carnation 4pc 1987 | 82½ | 84½ |
| Chevron 5pc 1988 | 112 | 114 |
| Dart 4¾pc 1987 | 86 | 88 |
| Eastman Kodak 4½pc 1988 | 102½ | 104½ |
| Economic Labs 4½pc 1987 | 78 | 80 |
| Fed. Dept. Stores 4½pc '85 | 109 | 111 |
| Firestone 5pc 1988 | 86 | 88 |
| Ford 6pc 1986 | 95 | 97 |
| Ford 5pc 1988 | 83 | 85 |
| General Electric 4¼pc 1987 | 82½ | 84½ |
| Gillette 4¾pc 1987 | 78½ | 78½ |
| Gould 5pc 1987 | 98 | 100 |
| Gulf and Western 5pc 1988 | 88 | 90 |
| Harris 5pc 1992 | 94 | 96 |
| Honeywell 6pc 1986 | 82½ | 84½ |
| ITT 4½pc 1987 | 78 | 80 |
| Komatsu 7½pc 1990 | 102½ | 103½ |
| J. Ray McDermott 4½pc '87 | 154 | 156 |
| Mitsubishi Elec. 7¼pc 1991 | 105 | 106½ |
| Mitsui 7¼pc 1990 | 102½ | 104 |
| J. P. Morgan 4½pc 1987 | 111½ | 113½ |
| Nabisco 5½pc 1988 | 94 | 96 |
| Owens Illinois 4½pc 1987 | 108½ | 110½ |
| J. C. Penney 4½pc 1987 | 83½ | 85½ |
| Pioneer 6¾pc 1989 | 268 | |
| Raymond 8½pc 1983 | 104½ | 105½ |
| Revlon 4½pc 1987 | 109 | 110 |
| Reynolds Metals 5pc 1988 | 86½ | 88½ |
| Sperry Rand 4½pc 1987 | 95½ | 97½ |
| Squibb 4½pc 1987 | 78½ | 80½ |
| Texaco 4½pc 1988 | 79½ | 79½ |
| Union Carbide 4½pc 1982 | 108½ | 110½ |
| Warner Lambert 4½pc 1987 | 85½ | 87½ |
| Warner Lambert 4½pc 1988 | 81 | 83 |
| Xerox 5pc 1988 | 77½ | 79½ |

Source: Kidder Peabody Securities.

## Ship sales come to the aid of Brostrom

By William Dullforce

STOCKHOLM, Oct. 28.

BROSTROM, the Swedish shipping concern, reports a pre-tax loss of Kr.82m. (£12m.) for the first eight months of this year, converted into a profit of Kr.5m. when the proceeds from the sale of ships are included. Operating income rose slightly from Kr.1.17bn. to Kr.1.27bn. (£182m.) for the period.

These figures compare with a loss after financial charges of Kr.103m. for 1975 as a whole, when Kr.164m. from ship sales and other extraordinary income produced a final pre-tax figure of Kr.61m. Operating income in 1975 was Kr.1.79bn.

Broström has paid no dividend to shareholders for the past two years and managing-director Ingemar Blennow warns in the interim report that the anticipated improvement in the operating profit this year will be only marginal. The delay in the international economic recovery has been reflected in a weaker market than expected for Linder, bulk and tanker traffic, he states. At the same time payroll costs for Swedish shipping have risen this year by 22 per cent. for crews and by 15 per cent. for shore-based staff.

Net financial charges for the year will be lower than anticipated owing to a good return on the concern's own capital holdings and lower interest rates on foreign loans but they will still be higher than the Kr.94m. net recorded last year.

U.S. CORPORATE PROFITS

## The pause that depresses

BY JAY PALMER IN NEW YORK

NEW YORK, Oct. 28.

THE FORD administration, on the eve of the still close presidential election next week, is confidently describing it as "the pause that refreshes." It must remain doubtful if U.S. industry feels quite the same way especially since there are growing fears that the "pause" could have a dramatic effect on final-quarter 1976 earnings.

In the third quarter of this year, according to a survey of 510 "major companies" carried out by the Wall Street Journal, earnings rose a mere 17 per cent. over last year's levels. By way of comparison, a similar earlier survey of the second quarter showed earnings up by 33 per cent. while, in the first three months of this year, earnings rose 41 per cent., the sharpest year-to-year gain for any three months since 1959.

This apparent slowdown in earnings growth in this last quarter was, of course, expected and it remains both difficult and dangerous to attribute it to the economic pause.

For one thing, the earnings of these 510 companies in this quarter are to all intents and purposes equal to the preceding three months. Furthermore, the general upturn in earnings began in the third quarter of 1975 and thus this last quarter's performance can be expected to compare relatively unfavourably.

But it remains true that, even after discounting these adverse factors, the third quarter performance both in general and specific terms falls below a good many earlier projections. With this in mind, many now suggest that unless the economy gets moving and quickly, fourth quarter earnings will fall even further below projections. The entire 1977 performance could prove relatively disappointing.

There have, not unnaturally, been some very bright spots in third quarter performance, most notably in the new car and airline industries. Although the third quarter is traditionally a poor one for the auto workers, thanks to production shutdowns for holidays and model changeovers, this year is not following that pattern. Only earlier this week, General Motors reported a massive 63 per cent. leap in third quarter profits to a new record level while Chrysler, earlier, unveiled a massive turnround from loss to profits.

The airlines, which as the Wall Street Journal table shows, headed the list of biggest earnings gains. The point here, however, is that the airlines were collectively slow to come out of the 1974-75 depression and this industry's 1975 performance in the third quarter was undistinguished.

At the same time, the airlines, which carry heavy debt levels, are now facing a desperate battle to restore their financial credibility to a high enough level to allow them access to the debt markets to fund essential new plane purchases.

Throughout this, and all other, general earnings surveys, there exists an often wide disparity between individual company performances and the so-called industry average. Thus the chemical industry as a whole lifted third-quarter earnings by a mere one-half of 1 per cent. Within the industry, however, Du Pont, the largest U.S. chemical company, lifted its three months' earnings by 17.5 per cent., while its largest competitor, Union Carbide, managed an even larger rise of 32 per cent. The average drop, which analysts attribute to weak demand and low prices for fibres, plastics and some chemicals, came in the smaller companies such as Allied Chemical, which saw its earnings fall 55.8 per cent.

In the second quarter, the steel industry was already one of the weaker performers with a gain of under 4 per cent. This time round, the average gain is a much-improved 14 per cent. but nevertheless several larger companies failed to match their second-quarter levels, a failure which many attribute directly to the economic lull. Despite firm demand for lighter consumer product steels, the heavier and much more profitable end of the industry remains very weak.

At the moment, the consensus view is that final-quarter U.S. corporate earnings will still show a sizeable gain and that the improvement will be carried over—at, of course, a slower rate—into the majority of 1977. But this said, most projections are now being downgraded to reflect the slower economic progress. While the decreasing dangers of inflation are proving something of a bonus, this is still not enough to spark off enthusiasm.

It is this lower rate of growth that is largely responsible for Wall Street's recent sharp consolidation.

U.S. CORPORATE EARNINGS CHANGES BY KEY SELECTED INDUSTRIES OVER FIRST THREE QUARTRS OF 1976

| Industry | 1st | 2nd | 3rd |
|---|---|---|---|
| Airlines | † | up 322 | up 103 |
| Auto and quipment | † | up 238 | up 242 |
| Banks | dn 13 | dn 4 | up 12 |
| *Building Materials* | *up 128* | *up 58* | *up 33* |
| Chemicals | up 35 | up 25 | up 0.4 |
| Dept. Stores | up 67 | up 69 | up 6.9 |
| Farm Equipment | dn 5 | up 38 | up 102 |
| Food Products | up 52 | up 18 | up 4 |
| Petroleum Products | up 30 | up 15 | up 10 |
| Pulp and Paper | up 47 | up 58 | up 24 |
| Railroads | up 161 | up 147 | dn 9 |
| Rubber | up 93 | dn 0.7 | dn 65 |
| Steel | dn 48 | up 4 | up 14 |
| *Textiles* | *up 346* | *up 135* | *up 46* |
| Utilities | up 18 | up 9 | up 10 |
| Total of all 500-600 Companies surveyed by WSJ | up 41 | up 33 | up 17 |

† Bigger loss than comparative quarter

# INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Chase to raise $250m. for Egypt

By Tony Hawkins

CHASE MANHATTAN LTD. has been given the mandate to raise a loan of $250m. for Egypt. The seven-year Eurocurrency credit is to be guaranteed by the Gulf Organisation for the Development of Egypt. This is the organisation established and financed by Arab states to assist in Egypt's economic development. Countries involved are Saudi Arabia, Kuwait, Qatar and the United Arab Emirates.

## Indonesia raising refinery loan

SINGAPORE, Oct. 27.

BANK Indonesia is raising a $75m. seven-year loan in the Asian dollar market with a coupon of 1.75 per cent. above three or six month Singapore Interbank rate, representatives of the loan management syndicate said.

The loan, just offered in the market, will be used to provide additional finance for Pertamina's Cilacap refinery project.

Three banks, Asia Pacific Capital Corp., Bank of Montreal and Bankers Trust are managing the issue.
Reuter

## Hitachi profits soar 95% but home sales founder

BY DOUGLAS RAMSEY

TOKYO, Oct. 27.

IN SPITE of poor sales figures especially in the home market, Hitachi has reported nearly doubled profits in the first half of the fiscal year 1976, pushing its net income after tax to $52.2m. (Y15.2bn.) from $27.9m. in the same period of 1975. Hitachi is the first major electrical appliance manufacturer to publish its April-to-September results and its poor performance on sales is bound to be a recurring phenomenon in other company reports due in coming weeks.

Sales in the first half were only 15 per cent. up on 1975 levels (the worst of recession) at $2.1bn. with static conditions in the home market. Exports, however, grew from about 17 per cent. of shipments to almost 20 per cent. Surprisingly, in spite of a 25 per cent. rise in marketing, general and administrative expenses, operating profit on sales was estimated at 38 per cent. This was primarily due to a slow rise in the cost of sales (that is, higher prices) which now only cover 76 per cent. of net sales (compared with 78 per cent. a year ago).

According to Hitachi, consumer products did worst during the period, growing only 8 per cent. from the first half of 1975 to the semester just ended. As a result, these products declined as a portion of total sales from 27.8 per cent. to 25.2 per cent.

The 95 per cent. increase in pretax income to some $113.8m. resulted from various interest and discount charge reductions which were $10m. lower in total and extraordinary deductions amounting to $1.5m. less as well as other changes. Since provision for tax on income doubled in the period, however, Hitachi's after-tax profit of $52.2m. was up only 87 per cent. compared with the $27.9m. previously.

Over 18 months, Hitachi sales stayed about even through the fiscal year 1975 and then rose by 15 per cent. in the semester just ended. Hitachi officials are hoping they will not have a recurrence of the plateau suffered last year. Nevertheless, net income per share has risen in each of the semesters, standing at two cents for the first half of 1975, three cents for the second, and four cents for the half just ended. Dividends were only marginally up from Y2.5 per share (in both halves of 1975) to Y3 per share in the six months to September 30.

## Toyota expects peak year

TOKYO, Oct. 28.

TOYOTA Motor Sales has announced after-tax profits of Yen 12.81bn. for the first half ended September 30 (Yen 8.02bn.). Gross sales totalled Yen 1.188bn. (Yen 1.027bn.) and the dividend at Yen 3.75 was unchanged.

Toyota Motor Sales director Mr. Mikio Hayashi told a press conference he forecasts that the company's after-tax profits in the year to March 31, 1977 will hit a record Yen 24.3bn. on anticipated record sales of Yen 2,373.5bn.

The forecast profit is 45 per cent. up on the previous year's net profit of Yen 16.9bn. and up 18 per cent. on sales of Yen 2,015.7bn.

Mr. Hayashi said his company sold 1,316,000 Toyota vehicles, 596,500 for export, in the first half of the current year, up 5 per cent. on the same period of last year. This was due to an increase of 32 per cent. in the export sales which offset an 11 per cent. decline in domestic sales.

Mr. Hayashi said, however, exports in the second half last year to March 31 were estimated to total some 570,000 units. He said he expects sales in the same half this year to reach 1,320,000.
Reuter

## W. R. Grace invests again in J. Borel

By David Curry

PARIS, Oct. 28.

W. R. GRACE the American company whose fortunes are based on specialist, chemicals and shipping has doubled its stake in the French catering and hotel chain Jacques Borel International. As the result of the purchase of 95,000 shares at a price of around Frs.300 each the American concern has boosted its stake from 8.6 per cent. to 15.2 per cent. and has re-established itself as the major shareholder.

The American company played something of a fairy godmother at the renaissance of Borel in the 1960's when it held more than 60 per cent. but some 16 months ago it disposed of all but 8.6 per cent. of the stock. The market interpreted the decision as disagreement with the French company's strategy of heavy investment in the hotel business and with a proposed Frs.100m. rights issue. Grace itself explained its move simply as the realisation of profits to release illiquidity to employ elsewhere in its business particularly in fast growing consumer-orientated businesses in North America.

## Wheelock dealings go to takeover panel

BY PHILIP BOWRING

HONG KONG, Oct. 28.

THE HONG KONG Securities Commission has referred to the takeover panel a request from the Hong Kong Federation of Stock Exchanges that trading be allowed to resume in Wheelock Marden shares.

The main argument in favour of trading is that it is likely to take several weeks before any definitive offer materialises from either of the potential bidders, Hong Kong Land and Hutchison.

It is claimed that suspension hurts the interests of small shareholders, is only partly effective as there is heavy unofficial (illegal) trading, anyway, and that a certain amount of speculative buying and selling is quite proper. However, the odds at the moment seem against reversing last weeks decision to suspend trading.

Their main fear appears to be that insiders with advance knowledge of any bid terms could exploit the situation—there was heavy buying of Wheelock shortly before the announcement of talks, and the securities commission is now investigating this.

Meanwhile Hongkong Land and Hutchison will be endeavouring to find out as much as possible about Wheelock, which is, under the takeover code, required to give bona fide prospective bidders equal access to information on the company.

What they respectively find out, however, will depend on the quality of the questions they ask. There is considerable debate over Hutchison's actual intent. Managing Director, Bill Wyllie, has repeatedly asserted that he did not consult the Hongkong Bank before announcing Hutchison's interest in acquiring Wheelock—he simply informed the bank of his intention out of courtesy.

It seems, difficult to imagine, however, that he can proceed with a bid without bank consent. The bank is both the major shareholder and chief creditor of Hutchison. Were there any substantial cash element in a Hutchison would have to increase its borrowings. And a bid entirely with paper would presumably require the agreement of the major shareholder because it might involve dilution of earnings, and of the bank's stake.

A clue to Hutchison's bidding strategy came late when it was announced that Asian International Capital Acceptances (ASIAC) would be advising Hutchison. This makes two merchant banks advising Hutchison, the others being Schroders and Chartered. ASIAC is a subsidiary of Deutsche Landesbank in which Hutchison has a minority interest through Hutchison Financial.

Presumably ASIAC would have relatively little difficulty finding funds for Hutchison if it thought any takeover proposition thoroughly justifiable. Where this would leave the Hong Kong bank is not clear.

## Israel Corp. profits rise

BY L. DANIEL

TEL AVIV, Oct. 27.

THE ISRAEL CORPORATION has reported an after-tax profit of $8.45m., almost double the figure recorded for the 15-month period ended March 31, 1975.

At the annual meeting this week, some 50 shareholders from the U.S., Europe, Australia and South Africa participated, representing 87 per cent. of those entitled to vote. The meeting was chaired by Baron Edmond de Rothschild.

The company paid holders of founder shares 7.5 per cent. (in dollars) and 6 per cent. to holders of Ordinary shares (unchanged). The company's capital is $55m. held by 400 stockholders in 18 countries. The balance of $4.4m. remaining after payment of dividends was transferred to reserve against only $700,000 in the preceding 15-month period.

The total balance-sheet for 1975-76 came to $95.6m. a one-third increase on the figure for the previous year. The company's own capital rose to $60m. (including the reserves) against $45m. a year earlier. About 80 per cent. of the capital invested by the shareholders is in foreign currency.

Israel Corporation's main investments are in Zim Israel Navigation Company, the country's two oil refineries, hotels, factories, and construction in development areas.

## Kuehne & Nagel expects growth in 1976

BY JOHN WICKS

GENEVA, Oct. 27.

FURTHER growth and good results are forecast for group companies this year in the first annual report of Kuehne-Nagel International, of Pfaeffikon, the Swiss holding company of the internationally-active forwarding agents and transport company Kuehne-Nagel.

The group, which has offices in 55 different countries, booked a 20 per cent rise in turnover to some Sw.Frs.3bn. worldwide in 1975. Group companies in many cases succeeded in gaining a larger share of the traffic flow between industrial countries and more particularly between industrialised and developing countries. Total tonnage involved in orders is given as some 9m. tonnes.

Highest growth rates were recorded in 1975 in traffic with the Near and Middle East, where the main emphasis was on project transports. In Europe, particularly satisfactory results were achieved in Federal Germany. Developments in Australia, Brazil, Canada and the United States were "above average."

● The Basle chemical company Sandoz announces that its bid for the take-over of the U.S. seed company, Northrup King, of Minneapolis, has been successful. On the basis of a tender offer some 99 per cent. of the Northrup King shares have been secured.

## Amaprop improves but Sorec declines

BY RICHARD ROLFE

JOHANNESBURG, Oct. 28.

BOTH major quoted property companies in the Anglo-American group reported this week, with Amaprop publishing its interim figures for the six months to end of September while Sorec, acquired by Anglo-American and Rand Selection via the takeover of Schlesinger Organisation, has released its annual report.

Speculation continues that the master plan within Anglo is ultimately to merge the two companies, which largely have common management, but neither of of which is outstandingly profitable at present. With combined gross assets of more than R.210m., Sorec and Amaprop appear at present to be earning under R.1m. a year between them.

Amaprop did, however, manage to reduce its consolidated pretax loss from R.0.8m. for the previous period to R.0.3m. over the half year to September. The fall probably owed a little to deconsolidation of Marina Da Gama, the problematical marine project in Cape Town, where Amaprop's stake was run down from 60 per cent. to 50 per cent. by sales to other Anglo companies. The board says in addition that the sale was effected without capital loss to Amaprop.

No dividends were paid during the review period, either on the preference or ordinary share capital and, with substantial arrears of dividend on the preference, it will be a long wait for the ordinary shareholders. However, it is some consolation that losses are being reduced, and the board forecasts that losses for the full year to March 1977 "will be materially less than for the previous financial period," when the attributable figure was R.0.8m. With assets employed of nearly R.100m., Amaprop's potential is obvious, but with the ordinary shares at 25c the group is capitalised at only R.8m.

Sorec's chairman, Mr. Guy Nicholson, forecasts lower earnings in the current year to September 30, 1977, and the dividend is likely to be reduced too. Annualising its performance over the 15 months to this September 30, earnings were down from 9.4 cents to 7.2 cents and the dividend from 7.5 cents to 5.2 cents. In addition, its borrowings will have to rise in the current year in order to ensure completion of existing developments and this means raising money at about 15 per cent. either in the market or from Anglo.

Mr. Nicholson estimates that there are 1.85m. square feet of unlet office accommodation in Johannesburg, and that is before the Sanlam block comes onto the market. This will restrict the scope for higher rents in the short to medium term, but Sorec feels it is well placed, if and when demand rises, to benefit. Its buildings are generally modern, well situated and financed in the main by relatively cheap money.

But the shares at 62 cents are not on a particularly attractive yield, and are essentially an investment in the net asset value put at 280 cents. The accounts record that Sorec sold its 43 per cent. interest in London Consolidated Properties at a capital loss of R3.2m. on a total investment of R4.8m.—an obvious blow, but hopefully the last skeleton in the cupboard.



BANK OF AMERICA
NATIONAL TRUST AND SAVINGS ASSOCIATION

## World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, October 27. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (m), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except for U.K. sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. These rates are asterisked.

All rates quoted are for indication purposes only and are not based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

Bank of America
Eurodollar Libor as of October 28 at 11.00 a.m.
3 months: 5⅞ 6 months: 5⅞

SDR1 = US$1.15366

| Country | Currency | Value of DLR |
|---|---|---|
| Afars & Issas | Djibouti Franc | 166.5095 |
| Afghanistan | Afghani (o) | 45.30 |
| Albania | Lek (m) | 8.2462 |
| Algeria | Dinar (a) | 4.1302 |
| Andorra | Fr. Franc | 5.0005 |
| | Sp. Peseta | 68.19 |
| Angola | Ang. Escudo | 31.40 |
| Antigua | E. Caribbean $ | 2.70 |
| Argentina | Ar. Peso (o)(†) | 140.17 |
| Australia | Australia $ | 0.8157 |
| Austria | Schilling | 17.065 |
| Azores | Port. Escudo | 31.40 |
| Bahamas | Ba. $ | 1.00 |
| Bangladesh | Taka | 16.2080 |
| Bahrain | Dinar | 0.3938 |
| Balearic Is. | Sp. Peseta | 68.19 |
| Barbados | Barbados $ | 2.0025 |
| Belgium | B. Franc (m) | 36.865 |
| Belize | B $ | 2.00 |
| Benin | C.F.A. Franc | 250.04 |
| Bermuda | Bda. $ | 1.00 |
| Bhutan | Indian Rupee | 9.1954 |
| Bolivia | Bolivian Peso | 20.20 |
| Botswana | Pula | 0.8695 |
| Brazil | Cruzeiro | 11.785 |
| Br. Solom. Is. | Australia $ | 0.8157 |
| Br. Virgin Is. | U.S. $ | 1.00 |
| Brunei | Brunei $ | 2.4720 |
| Bulgaria | Lev | 0.96 |
| Burma | Kyat | 7.4772 |
| Burundi | Burundi Franc | 90.0 |
| Cameroun Rp. | C.F.A. Franc | 250.04 |
| Canada | Canadian $ | 0.9714 |
| Canary Is. | Sp. Peseta | 68.19 |
| Cape Verde Is. | Cape V. Escudo | 31.40 |
| Cayman Is. | Cay. Is. $ | 0.8330 |
| Cen. Af. Rp. | C.F.A. Franc | 250.04 |
| Chad | C.F.A. Franc | 250.04 |
| Chile | Ch. Peso (m) | 15.31 |
| China | Renminbi Yuan | 1.9012 |
| Colombia | Col. Peso (m) | 35.39 |
| Comoros I'ds | C.F.A. Franc | 250.04 |
| Congo (B'ille) | C.F.A. Franc | 250.04 |
| Costa Rica | Colon | 8.57 |
| Cuba | Cuban Peso | 0.8280 |
| Cyprus | Cyprus £ | 0.4211 |
| Czechoslovakia | Koruna (m) | 5.70 |
| Denmark | Danish Krone | 5.8912 |
| Dominica | E. Caribbean $ | 2.70 |
| Domin. Rep. | Dominican Peso | 1.00 |
| Ecuador | Sucre (o) | 25.0 |
| Egypt | Egyptian £ (o) | 0.3915 |
| Ethiopia | Ethiopian $ | 2.0635 |
| Eq'l Guinea | Peseta | 68.19 |
| Falkland Is. | Falkland Is. £* | 1.5915 |
| Faroe Is. | Danish Krone | 5.8912 |
| Fiji Is. | Fiji $ | 1.2000 |
| Finland | Markka | 3.8540 |
| France | French Franc | 5.0005 |
| Fr. C'tyin Af. | C.F.A. Franc | 250.04 |
| Fr. Guiana | Local Franc | 5.0005 |
| Fr. Pac. Is. | C.F.P. Franc | 130.72 |
| Gabon | C.F.A. Franc | 250.04 |
| Gambia | Dalasi | [illegible] |
| Germany (E) | Ostmark (m)(o) | 2.4015 |
| Germany (W) | Deutschemark | 2.4015 |
| Ghana | Cedi | 1.1500 |
| Gibraltar | Gibraltar £* | 1.5915 |
| Gilbert & Ellice Is. | Aust. $ | 0.8157 |
| Greece | Drachma | 37.220 |
| Greenland | Danish Krone | 5.8912 |

| Country | Currency | Value of DLR |
|---|---|---|
| Grenada | E. Caribbean $ | 2.70 |
| Guadaloupe | Local Franc | 5.0005 |
| Guam | U.S. $ | 1.00 |
| Guatemala | Quetzal | 1.00 |
| Guinea Rep. | Sily | 22.28 |
| Guinea Bissau | Peso | 31.40 |
| Guyana | Guyanese $ | 2.5555 |
| Haiti | Gourde | 5.00 |
| Honduras Rep. | Lempira | 2.00 |
| Hong Kong | H.K. $ | 4.8270 |
| Hungary | Forint (m) | [illegible] |
| Iceland | I. Krona | 189.30 |
| India | Ind. Rupee | 9.1954 |
| Indonesia | Rupiah | 415.0 |
| Iran | Rial | 70.74 |
| Iraq | Iraq Dinar | 0.2961 |
| Irish Rep. | Irish £* | 1.5915 |
| Israel | Israeli £ | 8.40 |
| Italy | Lira | 861.00 |
| Ivory Coast | C.F.A. Franc | 250.04 |
| Jamaica | Jamaica $ | 0.9091 |
| Japan | Yen | 297.40 |
| Jordan | Jor. Dinar | 0.332 |
| Kampuchea | Riel | n.a. |
| Kenya | Ken. Shilling | 8.2906 |
| Korea (Nth) | Won (a) | 0.94 |
| Korea (Sth) | Won | 484.0 |
| Kuwait | Kuwait Dinar | 0.2894 |
| Laos | Kip (o) | 20.0 |
| Lebanon | Lebanese £ | 2.90 |
| Lesotho | S. African Rand | 0.8695 |
| Liberia | Liberian $ | 1.00 |
| Libya | Libyan Dinar | 0.2961 |
| Liechtenst'n | Swiss Franc | 2.4360 |
| Luxembourg | Lux Franc (m) | 36.865 |
| Macao | Pataca | 5.2500 |
| Madeira | Port. Escudo | 31.40 |
| Malagasy | MG Franc | 250.04 |
| Malawi | Kwacha | 0.9447 |
| Malaysia | Mal. Ringgit | 2.5230 |
| Maldive Is. | Mal. Rupee | 8.5895 |
| Mali Rp. | Mali Franc | 500.08 |
| Malta | Maltese £ | 0.4302 |
| Martinique | Local Franc | 5.0005 |
| Mauritania | Ouguiya | 50.01 |
| Mauritius | M. Rupee | 6.6551 |
| Mexico | Mexican Peso | 26.45 |
| Miquelon | C.F.A. Franc | 250.04 |
| Monaco | French Franc | 5.0005 |
| Mongolia | Tugrik (m) | 3.3555 |
| Montserrat | E. Caribbean $ | 2.70 |
| Morocco | Dirham | 4.5064 |
| Mozambique | Moz. Escudo | 31.40 |
| Nauru Is. | Aust. $ | 0.8157 |
| Nepal | Nepalese Rupee | 12.525 |
| Netherlands | Guilder | 2.5100 |
| Neth. Antilles | Antillian Guild | 1.80 |
| New Hebrides | Aust. $ | 0.8157 |
| | Fr. Franc | 5.0005 |
| N. Zealand | N.Z. $ | 1.0419 |
| Nicaragua | Cordoba | 7.0625 |
| Niger Rp. | C.F.A. Franc | 250.04 |
| Nigeria | Naira | 0.6310 |
| Norway | Nrwg. Krone | 5.2825 |
| Oman, Sultanate of | Rial Omani | 0.3456 |
| Pakistan | Pkst. Rupee | 9.894 |
| Panama | Balboa | 1.00 |
| Papua N.G. | Kina | 0.7695 |

| Country | Currency | Value of DLR |
|---|---|---|
| Paraguay | Guarani (m) | 126.0 |
| P'ple D. Rp. of Yemen | S. Yemen Dinar | 0.3454 |
| Peru | Sol | 66.40 |
| Philippines | Ph. Peso | [illegible] |
| Pitcairn Is. | N.Z. $ | 1.0419 |
| Poland | Zloty (m)(o) | 3.32 |
| Portugal | Port. Escudo | 31.40 |
| Port Timor | Timor Escudo | 31.40 |
| Principe Isle | Port. Escudo | 31.40 |
| Puerto Rico | U.S. $ | 1.00 |
| Qatar | Qatar Ryal | 3.95 |
| Reunion Ile de la | French Franc | 5.0005 |
| Rhodesia | Rhd. $ | 0.617 |
| Romania | Leu | 4.97 |
| Rwanda | Rwanda Franc | 92.84 |
| St. Christopher | E. Caribbean $ | 2.70 |
| St. Helena | £ Sterling | 1.5915 |
| St. Lucia | E. Caribbean $ | 2.70 |
| St. Pierre | C.F.A. Franc | 250.04 |
| St. Vincent | E. Caribbean $ | 2.70 |
| Salvador, El | Colon | 2.50 |
| Samoa (Am.) | U.S. $ | 1.00 |
| San Marino | Italian Lira | 861.0 |
| San Tome | Port. Escudo | 31.40 |
| Saudi Arabia | Ryal | 3.5350 |
| Senegal | C.F.A. Franc | 250.04 |
| Seychelles | S. Rupee | 8.2737 |
| Sierra Leone | Leone | 1.2266 |
| Singapore | Singapore $ | 2.4725 |
| Somali Rep. | Som. Shilling | 6.2950 |
| Sth. Africa | Rand | 0.8695 |
| S.W. Africa Territories | S.A. Rand | 0.8695 |
| Spain | Peseta | 68.19 |
| Span. Ports in N. Africa | Sp. Peseta | 68.19 |
| Sri Lanka | S.L. Rupee | 8.3995 |
| Sudan Rp. | Sudan £ | 0.3482 |
| Surinam | S. Guilder | 1.80 |
| Swaziland | Emalangeni | 0.8695 |
| Sweden | S. Krona | 4.2292 |
| Switzerland | Swiss Franc | 2.4360 |
| Syria | Syria £ | 3.9750 |
| Taiwan | New Taiwan $ | 37.97 |
| Tanzania | Tan. Shilling | 8.2906 |
| Thailand | Baht | 19.50 |
| Togo Rep. | C.F.A. Franc | 250.04 |
| Tonga Is. | Pa'anga | 0.8704 |
| Trinidad | Trin. & Tob. $ | 2.40 |
| Tunisia | Tunisian Dinar | 0.4210 |
| Turkey | Turkish Lira | 16.0 |
| Turks & C's | U.S. $ | 1.0 |
| Uganda | Ug. Shilling | 8.2906 |
| Utd. Kingdom | £ Sterling* | 1.5915 |
| Un'd A'b Emir | UAE Dirham | 3.9748 |
| USSR | Rouble | 0.7500 |
| Upper Volta | C.F.A. Franc | 250.04 |
| Uruguay | Urug. Peso (m) | 3.90 |
| Vatican | Italian Lira | 861.0 |
| Venezuela | Bolivar (m) | 4.29 |
| Vietnam (N) | Dong (m)(o) | 2.3700 |
| Vietnam (S) | Piastre (o) | 1.55 |
| Virgin Is. U.S. | U.S. $ | 1.00 |
| Western Samoa | Samoan Tala | 0.8700 |
| Yemen | Ryal | 4.5400 |
| Yugoslavia | New Y. Dinar | 18.2489 |
| Zaire Rp. | Zaire | 0.8665 |
| Zambia | Kwacha | 0.7900 |

n.a. Not available. (m) Multiple exchange rate system, commercial rate used. (a) Approximate rate. (o) Official rate. * U.S. dollars per sterling unit. † Argentine peso: effective March 5, 1976. Exchange rate system merged, now only two rates, i.e., official rate and tourist rate.

For further information please contact your local branch of the Bank of America.

AMERICAN COMPANIES

## Hercules sees profits recovery in 1977

BY PAULINE CLARK

HERCULES INC., the Delaware based special chemicals group which registered more than $1.4bn. in sales last year of which 17 per cent. were in Europe, is expecting 1977 profits to make a full recovery to the record levels achieved in 1973 and 1974; net income in those years stabilised at about $92m.

In 1975, pre-tax profits slumped 72 per cent. but in the first nine months of this year the recovery in the U.S. economy helped to restore earnings per share to about $1.6 (excluding non-recurring capital gains of $90m.) against 41 cents in the same period of 1975 and 77 cents for the full year.

Making the forecast in London yesterday, Mr. John Martin, chairman, and Mr. Werner Brown, president and chief executive officer, said that although there had been a "modest" slow-down in the third quarter, the underlying strength established in the second was continuing. Confidence in next year had been expressed by a recent rise in the quarterly dividend for the first time since 1973 to give an annual rate of $1 a share against 88 cents previously.

The meeting coincided with the formation of a new joint venture between Hercules and American Petrofina Inc., an energy products, petrochemicals and plastics industry affiliate of Petrofina SA of Belgium.

Under the arrangement, Hercules will assign to the joint venture all of its business interests in the DMT and TPA chemicals to bring together operations aimed at upgrading a basic refinery product into an important intermediary for the textile industry.

It is anticipated that production facilities in the venture will be capable of generating more than $400m. in annual sales. Hercules will initially hold a 75 per cent. interest reducing to 50 per cent.

Meanwhile, the balance-sheet was said to be strong with total debt having been reduced from $411m. at the end of 1975 to $375m. currently (or around 50 per cent. of equity). This was in spite of "substantially higher" spending on R & D — expected to total some $37m. this year.

**MARATHON OIL**

| Third Quarter | 1976 $ | 1975 $ |
|---|---|---|
| Revenue | 929m. | 780.4m. |
| Profits | 64.1m. | 33.46m. |
| Per Share | 2.13 | 1.12 |
| Nine Months | | |
| Revenues | 2.73bn. | 2.31bn. |
| Profits | 136.6m. | 86.3m. |
| Per Share | 4.5 | 2.9 |

**COLGATE-PALMOLIVE**

| Third Quarter | 1976 $ | 1975 $ |
|---|---|---|
| Revenue | 885.1m. | 844.5m. |
| Profits | 43.1m. | 38.5m. |
| Per Share | 57c. | 51c. |
| Nine Months | | |
| Revenue | 2.64bn. | 2.48bn. |
| Profits | 111.3m. | 98.4m. |
| Per Share | 1.46 | 1.30 |

**AMERADA HESS**

| Third Quarter | 1976 $ | 1975 $ |
|---|---|---|
| Revenue | 961.4m. | 764.5m. |
| Profits | 31.9m. | 28.9m. |
| Per Share | 82c. | 74c. |
| Nine Months | | |
| Revenue | 2.87bn. | 2.33bn. |
| Profits | 105.4m. | 90.1m. |
| Per Share | 2.70 | 2.37 |

**BELL CANADA**

| Third Quarter | 1976 $Can. | 1975 $Can. |
|---|---|---|
| Revenue | 769.3m. | 693.8m. |
| Profits | 69.7m. | 73.3m. |
| Per Share | 1.56 | 1.67 |
| Nine Months | | |
| Profits | 218.4m. | 187.7m |
| Per Share | 4.94 | 4.39 |

## Weinerwald reshuffle

BY OUR OWN CORRESPONDENT

ZURICH, Oct. 27.

THE AUSTRIAN restaurateur, Friedrich Jahn, whose Weinerwald Group includes 396 restaurants and 36 hotels, has announced a complete reorganisation of group activities. The original parent company in Munich, Wienerwald GMBH, is to become an intermediate holding company for the administration of corporate assets and the letting of premises, while major headquarter's functions will be taken over by the Swiss company, Wienerwald Holding AG, of Feusisberg.

While a number of Munich-based service subsidiaries will be controlled by the Swiss company, the existing 312 German Wienerwald restaurants will be run operationally by four regional subsidiaries, also reporting to Wienerwald Holding. Most of the restaurants are to be transferred to franchises, primarily the restaurants' former managers, and eventually only five to ten restaurants per region will still be run directly by the group.

Up to now, Jahn has set up some 87 franchise operations internationally. This year, 22 of the new 29 premises opened were franchise operations. For 1977 the group, whose turnover for this year is put at over DM600m., plans between 40 and 50 new openings, both of its own units and of franchises.

# FINANCIAL TIMES SURVEY

Friday October 29 1976

# Fund Management

Fund management has become increasingly important in recent years—for individual and institutional investors alike. Growing expertise has been accompanied by a steadily widening choice of funds on the market, ranging from the general to those with a specialist flavour.

# Emphasis on security

WHILE NOTHING has ever been quite the same since the 1974 collapse of the stock market, professional fund management has continued to grow in importance. This may be seen not only in the growing concern about the decline of the private investor as a force in the market (a trend paralleled in the U.S.), but also in the desire of investors for security rather than high risk and, in many cases, income as opposed to capital appreciation. This increasing conservatism among private and institutional investors alike has extended beyond the stock market to the property market and has also led to a growing interest in money market vehicles (including gilt-edged).

But the common denominator is that now people have less faith that the long-term trend of most markets is upwards—having been shaken out of any complacency which might have existed in 1974 they now seem more willing to hand over their troubles to fund managers and let them sort it out. This is not to say that the fund managers have all the answers for they can no longer count on being proved right by an upward trend and nowadays have a far more difficult task than was the case even a decade ago.

Where equities are concerned there are a number of different institutions concerned with fund management, basically comprising the insurance companies, the pension funds, investment trusts and unit trusts. Because of their considerably greater cash flow the first two have progressively gained in importance, but the latter tend to be of especial interest for their performance is more readily discernible and there is a greater willingness on the part of the fund managers to disclose their aims and problems. In fact, there is an overall trend towards greater communication between fund manager and investor in all sectors.

## Diversify

Having learnt all about the importance of managing liquidity levels in the 1974 bear market, the main preoccupation among the unit trust fund managers now is how to diversify their interests beyond the U.K. market, and here the main barrier is the dollar premium, which rose to unprecedented levels during this year as the sterling crisis deepened. The only way of avoiding the premium is for the managers to raise foreign currency loans, but these pose problems of their own.

There tends to be a lot of argument about the best way to fund overseas portfolios, with most managers plumping for a middle course, having some premium holdings plus a loan portfolio, the proportions of which have varied. But the public seems to like an international spread, for overseas funds have been the best unit trust sellers this year, coming second only to high income funds. The only trouble so far as managers are concerned is that world stock markets now show a distinct tendency to move together, waiting on the hesitant U.S. market.

Investment trusts are in a somewhat different position because they already have a higher percentage of overseas interests for the business as a whole and their problems have mainly revolved around the persistently high level of discounts for their own quoted shares. It is a problem which does not suggest any easy solutions and has produced a gradual dribble-away of disillusioned private investors. But there are now signs that the investment trust managers themselves are taking the business of self-promotion more seriously and it hoped that this will lead to a narrowing of discounts.

Property has also been an area where confidence had not quite recovered from the 1974 downturn before the recent increase in interest rates again made prospects gloomy. But institutions have become a lot more interested in expanding their property vehicles for pension funds and charities and this trend has now spread into the agricultural area. Where the individual investor is concerned, it is clear that few would now claim that property is an immutable store of ultimate value; and managed funds which provide a mix of property, equities and fixed interest have gained in popularity. But the long-term trend of the property bond funds still looks a lot less erratic than most unit trusts.

Looking beyond equities and properties, there has been a definite decline of investor interest in some of the alternative fields like gold coins, wine, stuffed animals, etc., because fingers were burnt in 1974. But investors have not stopped looking for alternatives and their search has carried them into other areas.

One of the most widely publicised has been the commodities field which according to its protagonists has the advantage that, in the futures markets, one can make money on the downside just as easily as on the upside. While this may be true, the risks are high and while a number of commodity funds have been launched over the past year or so, most have voluntary restrictions on the way in which they can operate. One senses that for the most part that commodity fund managers (who include Save and Prosper) are happier acting for other professionals who know the risks involved and can reach their own conclusions than individuals who may have difficulties in grasping the basic principles.

In any case, commodity funds fall into the "unauthorised" category of funds which are forbidden to advertise or openly solicit for business. They therefore tend to be based offshore. There has also been an interest in just investing in the basic products themselves and there are now Copper and Silver Funds available from one management company, Surinvest.

**ASSET COMPOSITION OF PERSONAL WEALTH BY RANGE—1974**

| Asset/liability | Nil | £5,000 | £10,000 | £20,000 | £50,000 | £100,000 | £200,000 | Total |
|---|---|---|---|---|---|---|---|---|
| | Range of net wealth (lower limit) | | | | | | | |
| | % | % | % | % | % | % | % | % |
| **Physical assets:** | | | | | | | | |
| Dwellings | 24.7 | 58.5 | 60.6 | 40.9 | 28.2 | 21.2 | 11.6 | 42.7 |
| Land | 0.4 | 0.5 | 0.2 | 3.8 | 10.4 | 15.5 | 21.6 | 4.5 |
| Other buildings | 0.0 | 0.2 | 0.4 | 1.1 | 1.6 | 1.1 | 0.7 | 0.6 |
| Household goods | 6.0 | 4.0 | 3.2 | 3.1 | 2.6 | 3.2 | 3.6 | 3.6 |
| Trade assets | 1.7 | 1.3 | 1.4 | 4.4 | 4.4 | 3.5 | 2.3 | 2.5 |
| **Financial assets** | | | | | | | | |
| Listed ordinary shares[1] | 1.0 | 1.3 | 2.0 | 7.5 | 14.9 | 19.0 | 25.8 | 6.8 |
| Other company securities | 0.3 | 0.4 | 0.5 | 4.2 | 8.7 | 14.1 | 16.3 | 4.0 |
| Life policies | 24.2 | 19.1 | 17.5 | 13.5 | 7.9 | 3.8 | 2.5 | 14.9 |
| Building society deposits | 8.8 | 7.0 | 8.1 | 9.9 | 7.4 | 4.1 | 1.2 | 7.5 |
| Listed U.K. Government | 0.2 | 0.3 | 0.4 | 1.4 | 1.9 | 2.8 | 3.6 | 1.1 |
| securities | 10.2 | 5.9 | 5.0 | 7.2 | 9.3 | 9.6 | 7.4 | 7.2 |
| Cash and bank deposits | 12.7 | 5.1 | 3.9 | 2.9 | 1.6 | 1.0 | 1.0 | 4.4 |
| National Savings | 21.7 | 9.3 | 7.3 | 9.1 | 8.8 | 9.3 | 9.3 | 10.3 |
| Other financial assets | | | | | | | | |
| **Liabilities:** | | | | | | | | |
| *Personal debts* | −5.1 | −2.2 | −2.3 | −4.7 | −5.8 | −6.5 | −5.9 | −3.9 |
| Property debts | −6.8 | −10.7 | −8.1 | −4.4 | −1.9 | −1.2 | −1.1 | −6.2 |
| Net wealth | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: Derived from "Estimated wealth of individuals in Great Britain 1974," Inland Revenue 1976.

[1] *Including unit trusts.*

## Licence

There has also been a growth of interest in the general range of fixed interest products over the past year, including the gilt-edged market. At one time, a fixed interest return seemed like a licence to lose money in an inflationary period: equities and property were thought to benefit from inflation: and gilt edged stocks were regarded as strictly the province of the institutions who were equipped to take advantage of the swings in interest rates.

Where the individual was concerned, gilts were largely equated with War Loan and other obvious losers where the dogged investor had seen a large capital loss. But there is no doubt that over the past year fixed interest rates have moved closer in line with inflation and it is now far more obvious than it once was that high interest levels automatically react on the equity and property markets.

Therefore people are more open to the "bird-in-hand" argument than was the case even a few years ago and are also becoming more aware of the advantages of gilts—especially when they are at the higher tax levels. This has produced its response in the fund management field and there are now more "money" and "gilt-edged" funds which are put forward as positive ways to make money rather than as temporary limbos in which to stick it out while conditions for other media are poor.

The only problem is that while most gilt-edged funds are constructed around the single premium life policy, they still are not ideal from the taxation viewpoint. Moreover, where unit trusts and investment trusts are concerned, there are positive taxation disadvantages from gilt investment and this is one area in which the fund managers would like the regulations to be made more flexible. It has not passed unnoticed that "bond" funds in Continental countries are more important than the equity funds and it is thought that if the Government really wanted to sell gilts it might find worse ways to do it than through unit trusts. Certainly any modification of the rules would find a ready response from the unit trusts in the shape of new funds.

It is probably the most unfortunate aspect of fund management in the U.K. at the moment that artificial restrictions and the effects of high taxation are playing an increasing role in the fund management field. Most new products are just as concerned with the mitigation of taxation for likely investors than with the actual performance of the product and it is significant that "offshore" investment centres such as Jersey are rapidly increasing in influence and status as convenient staging posts for the investors' funds.

Similarly, it is no longer possible for the modern fund manager just to view his role as that of a manager of funds. *Increasingly the banks, life companies and stockbrokers* who are among the major fund managers for the individual are spreading their tentacles into the whole range of financial management activities and, although the IOS idea of a cradle-to-grave financial service might have seemed gimmicky at the time it was current in the late 1960s, it is proving to have been uncannily accurate.

**Christopher Hill**

# PROPERTY BONDS

## Yields and values

THE PERFORMANCE recovery in property bonds which began late last year, and accelerated throughout the first nine months of 1976, is now in jeopardy.

One of the effects on the property industry of the recent increase in Minimum Lending Rate has been to make rises in property investment yields inevitable. It is early days yet to judge how far yields will have to go or whether they will remain for any time at higher levels. The industry is taking its time in sorting out market levels.

Unfortunately, property bond managers, who tend to value their portfolios monthly as the basis for their offer prices, are vulnerable even to short-term changes in yields. Any upward movement means a corresponding downturn in the value of their portfolios—and the upward movement is likely to be of the order of a full 2 per cent.

The market does not, however, expect the damage to be on the same scale as the collapse of the property market in 1974, when the yield movements were compounded by a rent freeze and by an enormous amount of property overhanging the market. In addition, there are good reasons to suppose that the new record heights to which MLR has been forced is a temporary measure only. Considerably lower levels are hoped for in some quarters within weeks.

### Hiatus

If the property market is banking on such an outcome this will tend to restrain the upward movement of yields, and in any case the very sharpest upturn is likely to be of short duration. Nevertheless, one must expect a hiatus in the improved performance of property bonds, if only for a limited period.

Such disappointments are still around the corner, however. In the first nine months of this year property bonds' performance has quickened the improvement first seen late in 1975.

By now all the offer prices are back into "plus," with the 10 leading performers showing year-on-year changes of more than 10 per cent, plus. Property is not, however, a short-term investment, and the significant figure to study is the five-year performance.

Over that period of time the property bonds have earned investors' confidence—or at least the leaders have done. The best performer has shown a rise of 60 per cent, on £1,000 invested five years ago. While this does not match the rise in the cost of living index, which has leapt by a frightening 90 per cent, over the same period, it is not to be sneezed at. While it is unfair to compare this with the performance over five years of short-term media it is worth a comment in passing that the FT All-Share Index at the end of September was only 75 per cent, of its figure five years ago, and property shares a mere 57 per cent.

Worth remembering, however, is the fact that property bonds, on the whole, have not performed as well as property unit trusts. And the basic State pension scheme easily outstrips both.

Moreover, the 60 per cent, figure relates only to the best performance. The worst performer, Welfare Property, has shown a 40 per cent, fall over the same period.

The median performance is sufficiently attractive, however, to have encouraged net new investment into property bonds. Between January and September, the 12 leaders (which *accounted for most of the significant inflow of funds*) attracted nearly £50m. in net new investment. This was more than for the whole of the previous year.

A disproportionate amount of this went to the two biggest funds, Abbey and Hambro. Together they attracted £28m.—£18m. and £10m. respectively.

While distinctly recovered, this rate of inflow is not yet on a par with the heady days of 1973 when Abbey was taking in some £5m. per month. And it is likely that the nervousness affecting the entire investment market will have its effect on net inflow into property bonds.

Notwithstanding the attractions of cash on deposit in to-day's stormy climate, property bond investment still has something going for it. But indiscriminate investment will not pay off.

Investing in a property bond is investing in management. But it is difficult to analyse management policies so as to reveal the success factor. The defensive qualities are easier to pinpoint. As fund managers learn to their cost during 1974 when redemptions were at their highest, property bonds (unless closely supported by parent life companies) need a sizeable liquidity cushion.

The lesson has been well learnt. Of the £50m. which flowed into the funds so far this year, only about half has been invested in property purchases. The remainder has gone into building up liquidity margins. Most funds now prefer to be 10 per cent. liquid; some seem to have set a 20 per cent. target. (If a fund is fully invested it is necessary to investigate the relationship with the life fund backer.)

The other defensive strategy—again learnt during the traumas of 1974—is for funds to avoid over-exposure to the risk of one property underperforming by ensuring that no one property predominates in the portfolio. Vanbrugh, for instance, despite backing from the Prudential, has restricted its purchases to the small end of the market (around £250,000). Only now that the fund size has gone above £10m. is it seeking to buy properties with a £1m. price tag.

### Valuable

A spread of investments among the various sectors is thought valuable by some analysts. Agricultural land has gained a new popularity and Abbey, the biggest fund, is now seeking to place some 5 per cent. of its funds in farm land.

Industrial property has also become attractive on the back of evidence that good factories and warehouses can be expected to outperform offices for rental growth. With the initially higher yields the benefits can be considerable.

Shops have their advocates and, carefully chosen, can do very well indeed. Their drawback is that there is a considerable management burden.

While most funds spread their purchases among these sectors, some are concentrating on one sector alone (Property Growth Agricultural is an instance) and some have one sector predominant. So long as management is good, specialisation is no cause for alarm and can provide extra growth.

In all there are more than 30 funds open to the general public, all of which have begun to show a spurt of growth after fairly dismal one and two year performances. Size of fund has its attractions as security, but the bigger funds have not necessarily shown the growth, over five years, of smaller ones such as Hearts of Oak, City of Westminster or Reliance. The biggest have, however, tended to show greater resistance to steep falls in unit price and have shown a more consistent performance year by year.

**Christine Moir**

# UNIT TRUSTS

## Enduring health

*BRITAIN* HAS the most stable unit trust industry in the world. Despite the big stock market crash of 1974, it remains strong and expansionary—a unique situation and one that is a compliment to the industry's top management. It is to be hoped the industry will remain free of the scandal and financial manipulation that has cursed similar industries elsewhere.

Stringent legislation and careful monitoring are two reasons for the healthy state of the industry. Unit trusts are allowed to invest in only quite a narrow range of investments, predominantly in quoted equities. This has prevented their managements from investing in other assets like property, commodities and even obscure investments like wine or art.

At the same time, this limitation has meant that unit trusts have lost ground in the total savings market to other, more flexible investments, particularly linked life assurance that has been able to offer contracts with minimal life cover but investment opportunities in a mixed portfolio. Rather than be left behind, the unit trust *management groups* have formed their own life companies and have competed with those already in the field.

As a result, unit trust sales have benefited from investments in the linked life industry to the extent that the life companies have been putting the equity portions of their portfolios into units trusts. The proportion of net sales of unit trusts derived from assurance contracts has varied from a third to 60 per cent. over the past few years. About a fifth of the market value of the combined assets of unit trusts is now accounted for by unit-linked contracts.

So it is not surprising, given this underlying support, that the U.K. unit trust industry has not been afflicted by the terror of continuing net repurchases experienced in so many other countries as an aftermath of the collapse of the equity cult in the early 1970s. Indeed, even the collapse of equity prices in the U.K. two years ago did not defeat the industry.

| Unit Trusts Performance 1976 | |
|---|---|
| The best five | % increase |
| M & G American | 41.2 |
| M & G Japan | 30.5 |
| *Lawson* American | 29.4 |
| Stewart American | 29.0 |
| Hambro Sec. of America | 28.3 |
| The worst five | % decrease |
| Slater, Walker Minerals | 43.0 |
| Oceanic Recovery | 31.5 |
| *Cosmopolitan* Growth | 27.4 |
| Oceanic Finance | 26.8 |
| Save and Prosper Ebor Property | 26.7 |

Source: Money Management

### Impressive

True, net sales reached a peak of £241m. in 1972 (which coincided with the stock market peak) and then fell sharply to £186m. in 1973 and £85m. the next year. But the recovery since then has been impressive, with net sales of £190m. last year and £136m. in the first nine months of this year.

The absence of any single year of net repurchases reflects the strength of the industry during the worst period ever for the stock market. It may even seem curious that the highest repurchases were in 1972 when they reached £196m. —well above the levels of recent years when investors had every right to feel frustrated at their diminishing fortunes.

*In recent years the investment* performances of unit trusts have been mixed. In general, they have fallen less than the indices during the bear phases but have also risen less during the bull phases. To a large extent this phenomenon is almost inevitable, given the nature of comparisons between real portfolios (that include varying proportions in cash, whose value is constant) and equity indices which by definition are always fully invested.

At the same time, however, the comparison does indicate how unit trust investment managers have done in the crucial skill of liquidity. Managing the cash levels in unit trust portfolios has become as important as choosing the right sectors to concentrate on, given the increasing volatility of share markets. Besides, the industry is becoming so specialised that sometimes the very name of a trust determines which sectors it will be in.

Performances naturally differ according to the period over which comparisons are made. It has been very difficult to provide real returns over the past five years, and indeed there are only two trusts that have doubled in value over this period: Save and Prosper's Japan Growth and M and G's Japan fund.

Over five years £1,000 invested in Money Management's unitholder index would have fallen to £978 with net income reinvested. It might be some consolation that the sum would have fallen even further to £826 if invested in the Financial Times Actuaries All-Share index. Some of the trusts have performed abysmally over these years and three particularly have ... badly they give the ... bad name. These are P... Capital, Cosmopolitan ... and Coyne Growth ... invested in either of these ... would have fallen to ... less. Of course, managements ... trusts can change and this happened with two of the three trusts recently.

Of course, the picture ... much brighter over the past ... years, when share prices ... generally done very well ... recovering from their low ... at the end of 1974. If you invested £1,000 in the unitholder index two years ago, it would have grown to £1,444—a ... less than the rise in the F... All-Share index, which would have brought your portfolio value to £1,788.

Even over this period there were very few funds that would have doubled your money ... four trusts fall into this ... and once again they were ... invested abroad, where shares have generally done better than in the U.K., particularly in ... For the record, they are M and G American, Henderson Far East, GT Japan, and Grantchester.

As the accompanying table shows, performances this year have been dominated by the U.S. and Japanese markets, which have both outperformed the U.K. market. Indeed these two foreign markets are the only ones whose indices are currently above their 30-week moving average, according to Chart Analysis.

Among the top 17 performers this year, only one—Save and Prosper Energy—does not concentrate specifically in either of these two markets. The top place is taken by M and G American, which stands on its own with a 41.2 per cent. rise. The M and G Group also takes second position with its Japan Fund with a 30.5 per cent. rise. This is followed by Lawson American (29.4 per cent.), Stewart American (29.0 per cent.), and Hambro Securities of America (28.3 per cent.) which has made it at last, aft... being near the bottom of ... tables for many years while t... U.S. market languished.

### Pleasing

Over 1976 the unitholder ... dex fell by 7.4 per cent. wh... the F.T. All-Share index f... by 14.6 per cent. It is pleasi... to see one trust from the Slat... Walker stable in the top ... (Slater Walker North Americ... considering that no fewer th... six of its trusts are in the bo... tom 20. Since gold tumbl... from its height at the end ... 1974, the Slater Walker trus... have not done well. The woode... spoons must certainly go to i... Minerals fund which has lo... two-thirds of its value over t... past 12 months, and the Slat... Walker Gold trust which h... come down by 46 per cent ... the last year. Among the un... trust groups the other lagga... is Oceanic, which has four trus... in the bottom 20.

Of course, short-term pe... formance tables have limit... validity and depend on at wh... stage of the total investme... cycle you examine them. B... they do highlight the need ... switch investments betwe... unit trusts from time to tim... The moral must be that it ... worth taking some profits, whe... you see them.

**Roy Levin**



هكذا من الأصل

# COMMODITIES

## Newcomers in the trust arena

E STOCK MARKET has en 45 per cent. since the k in May 1972, while infla- has normally exceeded 15 cent. and sterling has fallen itive to the D-mark from 8.31 to DM3.99. Against background it is not sur- ing that embattled investors ild have tried commodities a store of value not endent on the U.K. economy.

ore striking is the fact that ew have done so. The new modity unit trusts have attracted £51m. altogether, e net new investment in nary unit trusts this year e has beeq £136m. One at draw the conclusion that stors are so shell-shocked have stayed cowering in stock market bunker, ng to be rescued in the

eantime, those who ventured ell some shares when the index was at 384 last mber and buy into the new nodity trusts are now about er cent. better off than if had kept to shares luding dividends and tax). the suspicion which greeted funds at their launch has isted. The last fund to be ched was in May, whereas new unit trusts investing ordinary shares have been d since that time, notwith- ding the fall in the stock ket.

e reason is that U.K. law ires that commodity trusts ld be offshore and thus not ed to advertise here. Many stors who would doubtless invested in them have diverted into unit trusts h invest in commodity es rather than commodities selves. These are of se allowed to advertise and done so quite aggressively spring and summer. But funds, while having a role heir own, do not provide a factory substitute for the ore funds.

e of the main attractions e genuine commodity trusts at commodity markets tend e contra-cyclical to stock kets. The theory is that in eriod of growing economic ity the demand for com- ities rises and so do prices. results in heavy demand money, so interest rates rise the stock market falls. The reverse is supposed to happen as economic activity slows down.

Now commodity shares do tend to show relative strength towards the end of a bull market, but ultimately they are shares and not actual commodities; *their overall movements* (with dramatic exceptions) are tied more to the stock market than to the commodity market. This year, for example, ordinary shares have *fallen* 20 per cent., commodity share unit trusts are little changed, while the off-shore commodity trusts have risen 20 per cent. or more. So only the actual commodities are really contra-cyclical to the stock market.

Within the small band of seven genuine commodity trusts, performance has so far shown an inverse relationship to the size of the funds. The smallest funds have shown dramatic rises, with Commodities and Options up 59 per cent. and First Viking up 46 per cent. The heavyweights have brought up the rear with Metals Trust up 33 per cent. and Old Court up 20 per cent. (the latter was only launched on January 30).

### Different

The strong performance of the small funds is not just a reflection of the flexibility that is automatically given by their size. The smaller funds tend to have a different investment philosophy, seeing themselves as professional dealers quickly moving in and out as opportunities arise. The aim of the other trusts is rather to provide a stake in commodities through thick and thin.

The Save and Prosper Fund, for example, has had a heavy stake in copper throughout most of this year. An investor in the bigger funds is, broadly speaking, acquiring an expert selection of commodities, whereas in the smaller funds he is backing the dealing ability of the management company. There can be no doubt that the dealers have been the better bet so far.

But apart from these two *categories* of managed funds, there is a third type whose main characteristic is that it is not managed at all. The first two examples of this new type have both been introduced by Surinvest. They simply invest in copper and silver respectively and allow investors to make their own mistakes in timing. This fills a need of smaller investors who could not otherwise buy stakes in these metals *because of the minimum contracts* on the London Metal Exchange.

Nevertheless, it shows how times have changed from the days when active management was a great selling point of unit trusts. It illustrates how the traumatic events of the past few years *have led the private investor* to take little or nothing on trust.

This point is further illustrated by the fact that the trusts with the well-established names behind them have attracted the overwhelming majority of investment. S. G. Warburg, *Rothschilds and Save and Prosper* have attracted £47½m. between them, whereas the other trusts have only brought in £3½m. despite the fact that their performance is better on average.

A second element in this trend is that the blue chip management groups have been able to use their contacts to obtain the institutional business. It is the institutions which have supplied the bulk of investment in commodity trusts and the biggest fund, Warburg's Metals Trust at £21½m., is only open to pensions and charities.

The amounts committed so far represent no more than dipping a toe in the water. Yet to the management companies they represent very worthwhile business and one wonders why other well-connected management companies such as M and G and Hambros have been slow to join the bandwagon.

At present, however, even the existing trusts are finding it difficult to attract funds. Commodities generally took a knock in July and recently the most widely held metal, copper, has been weak. As a result, the net *inflow has eased off from the* excellent levels of last spring and a couple of funds report a significant level of redemptions.

A fortunate by-product of the sell-off is that the tax position for private investors may be clarified. The Inland Revenue has been seeking to tax commodity decline profits as income and so fears have been voiced that it might do likewise in respect of gains from investment in commodity trusts. However, this currently seems unlikely, at least for most small investors who hold their stakes *over the medium or long* term. The management groups report no cases of it so far but Surinvest is in the process of obtaining counsel's opinion on the subject.

A clear picture would be important because, if commodity trust profits are to be treated as capital gains then the trusts will have a tax advantage over direct commodity dealing for some people. This in turn could help the growth of the trusts.

*More immediately*, investment in *commodity trusts will depend* on the behaviour of commodity prices. The recent fall has taken place against a background of fear about the strength of the economic upturn combined with a rise in interest rates (which makes financing expensive) and the normal inactivity of the late summer months. However, it is worth remembering that among the major world economies the rise in interest rates has been confined to only a few European countries, while in the U.S. the Federal funds rate is still only about 5 per cent.

Moreover, the growth of the American economy slowed in *the third quarter but is forecast* to rise again to an annual rate of 6 per cent. in the last three months. The commodity markets might well get a second wind within the next year or so.

Meanwhile, the history of commodity trusts is a short one. They have not yet had to face a proper bear market (with one exception). So far they have successfully defied the cautious welcome they were granted but some investors persist in *regarding them as a passing* fashion. A fashion like deficit budgets, inflation and a weak pound, perhaps?

**James Bartholomew**

# INVESTMENT TRUSTS

## Waning popularity

THE INVESTMENT trust sector, once a rapidly growing investment vehicle, has come in for a lot of criticism in recent years.

The movement's origins go back over a century, when the first investment *trust companies* were set up to invest in the expanding economies of the Commonwealth and North America. Indeed investment trusts were a growing force until a few years ago, but since 1973 they have fallen from grace.

Now, with some 250 trusts holding assets of over £5½bn. (more than double the size of the unit trust industry) the investors' attitude can be *summed up in the average* discount of around 35 per cent. on which the trusts' share prices are standing in relation to their underlying assets. This discount is historically high and must be causing some concern to the industry.

This trend is perhaps even *more disturbing when one considers* that in the 1975-76 bull market the sector should have picked up support because of the gearing effect on its asset performance. Moreover, when sterling is under pressure investment trust shares are normally in demand as a currency hedge because of the high proportion of overseas assets. Even though both these conditions should have tempted investors to *look at investment* trust shares they have failed to do so.

Many outside commentators are attributing the wide discount to a poor investment performance by the sector. However, its performance has not been bad and the criticism is not really valid.

### Significant

Taking a view over the past few years, which have seen both bull and bear markets, it becomes apparent that as far as asset performance is concerned, investment trusts stand up at least as well as unit trusts. As for dividends, the *trusts have admittedly lagged* behind the average U.K. growth rate, but this year is seeing some significant increases as earnings from overseas investments grow, reflecting not only the continued devaluation of sterling but also the fact that overseas companies are not restricted by dividend restraint.

So, it is not performance which has disillusioned investors—though a couple of mistakes have not enhanced the sector's reputation. One of the major errors of judgment was the rush by managers in the early *70s to take out overseas* loans as a way of avoiding the imposition of the dollar premium surrender. But as sterling moved into decline, interest rates swung up and world stock markets fell, many managers were equally swift in paying off their borrowings as soon as possible.

Another mistake was the incredible expansion which took place during the 1971-72 bull market. During 1972 alone 40 trusts came to the market raising a total of £500m., not to mention a number of rights issues. The indigestion which followed still hangs on to-day and the sheer oversupply of investment trust shares is one *of the major factors depressing* share prices.

Apart from these two points the trusts face other fundamental problems which are holding down share prices. They generally yield less than the average for U.K. equities and in a period when both private and institutional investors have become increasingly yield-conscious it is understandable that their shares are short of buyers.

Institutions, particularly insurance companies, are becoming net sellers of trust shares, which is further undermining prices. Originally, institutions held trust shares to give an overseas spread but with an increasing number of them expanding their own investment departments it has become *relatively cheaper to invest* direct rather than through a trust. Meanwhile, private investors are swinging towards unit trusts. There are several reasons *behind this trend*—not least of them the lack of publicity by investment trusts as against unit trusts.

*An almost perverse point* is that because investment trusts enjoy a capital gains tax concession—the maximum on investment trust disposals is only 12½ per cent.—where equity sales are necessary investment trust shares are often kicked out of the portfolio first.

There are various ways in which the sector could take action. For example, a greater publicity effort is needed if the trusts are going to fight back against unit trusts. *Admittedly* the style of advertising is restricted, and an investment trust cannot claim that its shares are cheap or offer units for sale. But it can indulge in corporate advertising like any other quoted company, while management groups could also point out their achievements in advertisements along the lines of the recent ones from Touche Remnant and Philip Hill (Management).

Another point is something the association could work on—and that is the production of regular up-to-date asset values. After all, the unit trust sector has to produce daily valuations and if investment trusts could produce them just monthly it *would give investors something* to compare against share prices.

As for combating the oversupply of trust shares there are several actions which have been suggested, such as unitisation, liquidation, and take-overs, or possibly the sanctioning of trusts buying their own shares. There has been much talk about the first two options, but it seems unlikely that any of the larger trusts will take any action.

When it comes down to detail there are a number of similarities in that the trust must be formally wound up, though of course the end result is widely different. In both instances prior charges must be repaid, the dollar premium must be surrendered and capital gains tax liabilities met. If the group is going into liquidation all the assets will have to be sold and the actual prices obtained are bound to be far less than the middle prices used for calculating the asset value.

By the time the costs of liquidating are taken into account all the discount to the share price may have been eroded and the return to shareholders no greater than if they *had just sold their holdings*. So there may be no real benefit to shareholders and few trusts are likely to consider this move.

Unitisation does not involve selling of assets, but trusts are unlikely to approve such a move because most managers expect that a large proportion of institutional holders would show a clean pair of heels. This would mean that the managers would have to sell large amounts of stock in order to accommodate the sellers. So despite many calls for unitisation it is very unlikely that any of the trusts will do so.

### Enhanced

Take-overs are something rare in the industry, but there is now a growing realisation of the arguments in their favour. The advantages to a financial institution are that it broadens its *asset base and increases* its reserves at a cost somewhere between the trust's market capitalisation and asset value. *The attractions of a take-over* become enhanced if the bidder can build up several holdings below 10 per cent. until he reaches 30 per cent., where a bid becomes mandatory. By this method the cost of acquisition would almost certainly be reduced. All in all it looks likely *that there could be an agreed* bid within the next few months from a financial institution.

For a trust to be able to buy its own *shares* would mean a change in the law, but the sector *has not shown any signs of* wanting such a change. It is worth pointing out that it seems to work well for the Dutch Robeco. Though a positive demand exists for its shares, over the years it has been a net issuer *rather than buyer. In the U.K.* such powers are not really desirable and might lead to accusations of market rigging.

Nothing as *drastic* as unitisation or liquidation looks likely but managers are at last awakening to the need to publicise their wares by corporate advertising. The Association is encouraging members to extend the information they provide, and is itself intending to act as a source of statistics. So at least they are moving the right way.

**Terry Garrett**

# STOCK MARKET

## Marked shift in patterns

RECENT YEARS have brought a marked shift in the pattern *of ownership* and control of Ordinary shares. Once widely spread among private individuals, equity holdings are *increasingly concentrated* within the portfolios of large institutions or are coming under the discretionary management of investment specialists *of one kind* or another. Although the corresponding increase in the expertise of investors is in many ways welcome, it *has had* noticeable effects upon the behaviour of the stock market.

A *Stock Exchange* dominated by the activities of many thousands of independently-minded individuals will, after *all, behave much more* like a perfect market. Their activity will be fairly evenly spread over time, and conflicting opinions will lubricate the system and tend to limit price fluctuations. Many of the investment transactions of private investors are independent of the particular phase of the stock market cycle—like executor sales, for instance.

*Big institutional investors,* however, tend to act much more like a herd. They share a common City background, are circulated with the same flood of brokers' reviews, and are affected by the same ebbs and flows of incoming or outgoing revenue. According to the Diamond Commission, the proportion of Ordinary shares in U.K. companies directly held by persons fell from 69 to 50 per cent. over the ten years from 1963, while the holdings of long-term funds like insurance companies or unit trusts rose from 21 per cent. to 36 per cent.

Official statistics show a steady disposal of company securities by the personal sector in the past few years at an annual rate of between £1bn. and £2bn. This period has coincided with the development of a much greater volatility in stock market levels. Until 1970 a good bull market showed a gain of perhaps 100 *per cent. in the indices, and a* bad bear market a fall of 35 per cent. or so. But between 1972 and the beginning of 1975 the *F.T. Industrial Index fell* by over 70 per cent., while in the subsequent bull market prices very nearly trebled.

It would be wrong to blame these gyrations wholly on the institutional fund managers. The volatility has also reflected the extreme *monetary* instability which has characterised the 1970s so far. But the big funds have exaggerated the *swings by trying to build up* liquidity in bear phases and then quickly switch back into shares when conditions look *more favourable — a pattern* of activity which by and large is not typical of small investors.

Periods of hectic activity such as in the first quarter of 1975 and again in the early part of 1976 have been followed by phases in which stock market turnover has shrunk to what for stockbrokers may be starvation level. This August, for example, turnover in equities was only half as large as in January; and business in medium- and long-gilt-edged was only one-quarter the size.

At peak times the surge in business has put strains upon the London stock market's jobbing system, and the large funds necessarily concentrate upon the more readily marketable shares of big companies. The merchant banks have, indeed, set up their own ARIEL computerised dealing system; but with under 2 per cent. of total business its impact on the main market has *not been very* pronounced.

### Buffeted

*Perhaps not too much notice* should be taken of the complaints of insecure stockbrokers and jobbers, buffeted by their erratic changes of fortune. But the volatility does also have its drawbacks for companies forced to make opportunist rather than *considered judgments* when raising new funds. And it is especially awkward for the Government when it endeavours *to manage the growth of the* money supply in a consistent way through steady sales of gilts.

For *stockbrokers* the growing power of the institutions has had other implications. Big funds tend to be turned over much more often than the frequently inactive private portfolio, and institutional business has come to be a dominating factor for many large firms. Over the last ten years the average size of an equity bargain has climbed from £1,000 to approaching £4,000. And the professional manager often requires a more demanding service than the small private client.

So *there has* been a large expansion — during bull markets anyway — in the research departments of stockbroking firms offering coverage *which* has tended to expand from individual company reviews — the *old-fashioned* "tips" — to regular coverage of whole industries. Beyond that, there has been a push into economic *forecasting* and monetary theory in order to give fund managers a deeper assessment of the background factors affecting *stock market investment*. Computers and TV systems have brought new technology to bear on the problems of instant analysis and communication.

But chasing the business of large funds also has its drawbacks. The investment in *research software and* hardware can be very large, creating big overheads and while the returns can also be lucrative in *good conditions*, business levels can dry up unpredictably. Institutions normally make sure that enough commission is *farmed out* among large brokers in hard times to avoid large scale collapses; but the rations can be meagre and mergers and staff layoffs are common news items.

So it is not surprising that stockbrokers are tempted to go into the fund management business themselves. And the steady — if relatively modest — attractions of private client business have often been seen in a new light in the generally harsher climate since 1973.

Some broking firms — like Phillips and *Drew* — go in for the really big fund management business, involving multi-million pound pension funds and the like. The difficulty here is that it means setting up in direct rivalry with the merchant banks which as a group generate a great deal of turnover and commission for stockbrokers. The merchant banks do not like dealing with competitors.

Other brokers have seen fund management as a way of coping more economically with the requirements of their small clients. The level of commissions on small transactions is such as to make it difficult to manage small portfolios effectively, but by putting private clients into in-house funds a *link between* private investors and brokers can be maintained.

A third solution has been to try and develop the management of private client portfolios into an economical and profitable business. Grieveson Grant are believed to be the largest in this field. The many provincial and country brokers with lower costs and local contacts have some advantages; but most firms still retain a significant interest in this area.

### Computer

W. I. Carr, for example, have invested in a sophisticated computer operation *in order to give* a quick and efficient service to clients. They are not particularly keen to welcome new clients with *portfolios of* under £20,000 or so; on the other hand, they do not have any specific lower limit.

Carr like to be given discretion to manage portfolios within the framework of a predetermined policy, such as the priority to be given to income or capital appreciation. "Decisions can be taken quickly," they say, "and we can deal in substantial amounts of shares for large numbers of clients simultaneously without disturbing the market by a succession of small orders. Besides this, the problems and costs of communication are reduced to a minimum."

Whether the stockbrokers' normal method of taking payment through commissions rather than in straight fees is satisfactory is up to the client to judge. Obviously there is a risk that the stockbroker, when he acts as a fund manager, is unduly interested in churning portfolios. In the end the commissions paid by the client need to be justified by the performance achieved.

**Barry Riley**

# PENSIONS

## Function in society

THE PAST two decades have seen a dramatic increase in the overall coverage of occupational pension schemes. Nowadays about 11m. employed persons are members of these schemes and the funds under management have grown to about £12bn.—second only to life assurance as a provider of investment capital. The recent pensions legislation is likely to accelerate this growth—new money is coming into the hands of pension fund managers at the rate of over £1bn. a year.

Although the new Government pension scheme has made people more aware of the need for adequate pension provision, it has not yet resulted in a widespread interest in how that pension is to be provided. With the legislation for member participation due in the new Parliamentary session, either through the trades unions or otherwise, the need for the operations of pension schemes to be publicised and explained is now vital. And nowhere is it more vital than with the investments.

The contributions made to a pension scheme represent forced involuntary savings by the individual for his retirement. Therefore he or she has a stake in the assets backing the pension fund and a right to know how the money is invested. This right should not be exclusive, as the trades unions demand, since the employer guarantees the pension and at the end of the day makes good any deficit. But member representatives should have a voice in the investment decisions.

Pension funds require the investment to be the longest *term of all funds*. A member will contribute for 40 years or more and draw his pension for at least another 13 years on *average. Pensions are now* usually based on final salary, so investment have to keep pace with salary inflation as far as possible. Hence a pension fund portfolio should hold a high proportion of equity type assets —Ordinary shares and property being the main types, though the British Railways fund has works of art in its portfolio.

The other general features of pension fund investment is that the funds are likely to have large positive cash flows for the next few decades at least, so that managers can operate in a climate of no forced sales of any holdings. Second, the funds are virtually free of all U.K. taxes. *This makes income* relatively more attractive than capital growth, since the fund can roll up income gross.

*How do the funds invest in* practice? Official statistics are rather scanty in this field. Figures supplied by stockbrokers *Phillips* and *Drew on* the aggregate portfolios of private pension funds show that U.K. equities accounted for 43 per cent. and overseas equities a further 8 per cent. Property investment, either direct or through exempt trusts, amounted to another 17 per cent., while gilt-edged holdings totalled 18 per cent.

Thus about two-thirds of portfolios are in equity type investments, the expected pattern in normal times. But with Minimum Lending Rate at a record 15 per cent. times are not normal. The financial statistics for the first two quarters of this year show a much heavier concentration of new money in gilts, reflecting the very high yields obtainable.

Investors do not need reminding of the importance of a proper investment strategy in order to maximise the return on a fund. Some trade unions seem to think that yield follows automatically from investment. But with pension funds, a 1 per cent. increase in the overall yield from the assets can reduce contribution costs by at least 10 per cent. For the employer, who after all puts up most of the money, proper investment management of the pension fund is essential.

Basically the investment of the pension fund money is the *responsibility of the trustees* of the pension scheme. But very few of the trustees will have the necessary time or the expertise to handle all aspects of investment. The task of investment management will have to be delegated and there are a variety of financial institutions offering their services.

The largest funds can appoint their own investment manager *and set up a fully fledged* investment department to deal with all aspects of investment. But such a course is not really financially viable for the remainder of the funds.

### Spectrum

The merchant banks have been offering investment management services to pension funds for many decades, handling the complete investment spectrum including direct property investment. Leading stockbroking firms have also been active in this field for a long time, but cannot offer direct property investment services.

No fund can really enter the direct property field unless it is prepared to earmark several millions for investment. However, the advent of exempt property funds — in effect unitised funds investing directly in property — has opened up this field to even the very small funds. The managers of the smaller funds can now put the pension fund clients into property by buying units in one or more of these property funds.

The clearing banks are now offering a service comparable with that of merchant banks and some life assurance companies are now entering the area of direct investment management services. Of course, life companies have *always offered investment* expertise through their insured pension schemes, it was part and parcel of taking out a scheme *through an insurance* company.

The recent development of exempt funds—equity and fixed-interest as well as property—*has meant that life* companies can offer a partial investment management service, leaving the trustees to decide on *strategy. This has* meant that in the smaller funds at least, the trustee does not have to hand over every investment aspect to the life company. They can at least have a hand in deciding what proportions to hold in the various media, in conjunction with the life company, and buy the necessary fund units. The life company handles the investments within each exempt fund. The growing role of trade unions in pension fund management may well result in a growth in this type of scheme rather than a fully insured one

How does the scheme member know that the investments are being handled to his best advantage and that he is getting value for money? The first is to ensure that his representatives can take a full part in the main decisions not when to buy and sell ICI shares, but when to move into equities and when to hold off. The second means is to insist on the performance being monitored by the pension consultant or consulting actuary. Fund managers should not be hanged on a particular year's performance, but they should be able to explain it convincingly.

The great debate is going on at present on the support of industry by the institutions, particularly life companies and pension funds. The accusations are that industry has been starved of funds and the counters are that until the investment climate is such that adequate returns can be obtained on investments then there will be no shortage of finance.

What these arguments highlight is that not only do the trustees have a duty to invest for the benefit of their members and the employer but that they also have some responsibility to the community at large. This goes far beyond propping up this week's trade union's good cause. It means the pension funds as the largest providers of capital taking a meaningful part, with Government, employers, trade unions and others in determining the economic course this country is to follow. The good of all must mean the profit of each, and Equity Capital for Industry is just a start.

**Eric Short**

# UNIT-LINKED INSURANCE

## Emphasis on investment

LIFE assurance industry shown a remarkable ase in funds since the war. £30bn. of assets under gement, it now represents argest single investment ied of finance. The sav- aspects of life assurance been heavily underlined in promotional material, d by the tax relief avail- on regular savings, while tion has tended to be played. The event of the inked concept into life nce has placed almost all asis on investment, death being treated as a fringe t.

at, then, does the life nce industry offer indivi- in the way of fund gement? It is certainly p individual selection of ments. An investor who ife assurance has to accept oling arrangement with investors in a common This should be self- it, but many investors do ully appreciate the impli- s of using life assurance avings medium.

degree of involvement by dividual depends on the of life contract taken out. ldest form is the with- endowment assurance Here the investor pays emiums regularly over a period and collects the ity value at the end. The ums are invested in one m fund which invests the whole spectrum.

investor has no invest- decisions to take at all. ix of the fund is the func- f the life company, but the ntees inherent in a con- nal contract impose n restraints on investment Matching of assets and ties is important, the more der the regulations to the 1974 Insurance Companies Act. This means that a high proportion of gilt-edged stock will be found in these life funds.

The method of ascertaining profits in the form of reversionary and terminal bonuses is a very complex process. The bonus levels depend not only on the investment performance, but on the proportion of profits that the actuary is prepared to release to policyholders. In the past, actuaries tended to be rather conservative in distribution, hence the present financial strength of the traditional life companies. Now a much higher proportion of profit is being distributed to policyholders.

### Respect

The end result of this method of fund management is a steady above average return over the medium- and long-term. No life company is ever likely to show a phenomenal performance and some commentators in the good old days tended to scoff at conventional life assurance. In 1974 all that changed—an investment that did not lose its monetary value in that year commanded respect. Millions of policyholders over several decades have been more than satisfied with the returns on their with-profits endowment contracts.

But unit-linked life assurance introduced several new dimensions into the fund management services available to investors. First of all it gave investors a choice of various media, either by linking with unit trusts or by setting up internal funds on unit principles. Although in the initial stages the funds were equity-based, the linked companies soon expanded into other fields—property, fixed interest, cash and even agricultural land.

If the investor wants to go into a particular investment field, say property, then he can take out a property linked contract, the choice is his. But having made that decision, his money is invested in the common property fund with all other investors who have decided to use that fund. The life company decides which properties to hold, when to change, what degree of liquidity to maintain.

The fund manager in a linked fund is not restricted by the need to cover guarantees in fixing his investment policy. He can go all out to maximise growth, either by capital appreciation or by income or by a combination of both. But his performance is much more closely monitored in a manner which his conventional life fund colleague escapes.

The second new dimension introduced by linked life assurance is that the return to the investor depends solely on the movement in the market values of the underlying assets. If the market moves up, then the investor has the full benefit reflected in the unit price. The converse is also true when the market falls, though to many investors this did not become fully appreciated until the 1974 bear market.

The actual return to the investor thus depends on the unit price when he started, its movement over the investment period and above all the price when he gets out. Timing is all important, as it is with straight investment directly into equities. The investment manager can fix his policy for long-term growth, but if the equity market is falling steadily, the value of his fund will also fall.

The investment manager can minimise this drop in value and in a bear market considers that he has done well if the fall is less than average. But it is poor consolation to the investor to be told he has lost less money than others. The general risk of loss in equity investment applies to equity-linked life assurance.

Still, to many an investor this is the thrill of investment, getting the market right so that he can hit the jackpot. The rewards of linked life assurance are great, the risks of loss are also great. It is possible actually to receive less in money terms on a linked contract than was paid in — a feat virtually impossible with a conventional policy, even in the darkest days.

### Facility

The third dimension added to the life assurance investment was the facility to invest lump sums in fields not available to unit trusts — direct property investment being a notable example. Property bonds are now an established feature of linked life assurance. Conventional life assurance, by its nature, is highly geared to regular savings.

Finally, the linked life companies introduced a much greater concern for the planning and packaging of their contracts. These companies moved away from offering just one type of savings policy to designing combinations of policies to meet specific circumstances — instant financial planning. The conventional life companies are now following this lead and devoting more attention to planning.

Which bond does the investor choose? That depends very much on what he wants, what risks he is prepared to take, how much attention he can give to the holding and what kind of temperament he has. If he wants a safe, steady and trouble-free investment, then conventional with-profits is the answer.

But if he is looking for high returns and is prepared to take risks and has some degree of flexibility in the timing of cash-in, then a unit-linked contract is indicated. Insurance brokers are now devoting more attention to the investment aspects of linked business in their service to clients, and are employing specialist investment advisers. The investor in the unit-linked field, as in portfolio planning, needs guidance and continual review of his holdings.

The other decision is which life company to choose. Track records can indicate the past success of the investment management of a company and the unit-linked companies are closely monitored. But other factors need to be taken into account, including the composition of the investment management team. It is not an easy choice for investors.

The choice is even more difficult for conventional life companies. Projections of maturity values can be a useful guide. But under present conditions, keeping expenses under control is just as important as getting a good investment performance. But in general the mutual companies have done marginally better than the proprietory ones.

**Eric Short**

# PROPERTY UNIT TRUSTS

## Challenge of interest rates

FINE spurt of growth put the property unit trusts 12 months from June ar has been further con- ed, but the future is .

latest figures from s Harris Graham, up- to September, show a annual return of 15.4 nt. (In June, the corres- g figure was 13.7 per During the same period, ng to Harris Graham, 2½ t. Consols showed a yield per cent., average per- ce for equities and fixed t was respectively 1.4 per nd 9.6 per cent., and the price index rose by 14.3 t.

more gratifying for y investors is the way wth has affected the two hree-year performance In June, the annual percentage return on invested two years pre- was 3.4 per cent. Over -year term the average le better at 3.6 per cent. the corresponding have altered to 20.3 per nd 2.8 per cent.

five years—and this is s the most significant in- —the median annual re- as risen from 9.1 per 9.5 per cent. Extending ures back this far also but the discrepancy be- the best return (29 per or the latest 12-month and the median. Over rs the gap is little more points.

ng back to the imme- ast, the reason for the is not hard to find. In ond half of 1975 pro- yields began to tumble. spring of this year they had fallen 1¼ points to stand at 5¼ per cent. This fall added some 18.5 per cent. to the value of the portfolios in the funds.

Since then yields have remained pretty well static but the immediate future can only be gloomy. The sharp rise in interest rates will have inevitable repercussions on property yields. However, it is too early to say to what level they are likely to rise and whether this will be permanent or merely for a period of months while the Government thinks again about its economic measures.

Most commentators in the market believe that the movement could wipe out the gains made since mid-1975 and some believe that prime office yields could even stretch to a bit above 7 per cent.

At the same time, the property unit trusts are already experiencing a falling off in interest from their pension fund clients. Last year there was a record £90m. net inflow into the funds. At the half-way point this year the figure was £38m. and most fund managers indicate a disappointing response to their September issues. The total net inflow for this year could be around £70m. —still historically high.

In placing their money, pension fund managers have had a wider choice than ever before. The number of property unit trusts is now around 20 and no fewer than four newcomers are specialising in agricultural investment.

Investment in farmland is a new venture for institutions. Its attractions have become felt as yields on vacant land have risen from traditionally marginal levels of one to two per cent. to a more comparable 5 per cent. Some funds are also persuaded that by managing their farms themselves (or in partnership) they can improve these yields by another 1½ to 2 points.

So far, the performance of the agricultural funds is promising. Only one, Abbotstone, has been established long enough to take a place in Harris Graham's table. And that, over the past year, has yielded 19.2 per cent. to unit holders, giving it a respectable sixth place among the funds.

### Spoon

Best performer over the 12 months was the Charities Property Unit Trust, with Hambro, Abbey and Standard Life close behind. The wooden spoon award, for so long awarded to Welfare, has now devolved on Grasshopper, traditionally second from bottom.

To get back to strategy, apart from the substantial interest now being shown in farmland, one other sector has had a major revival of interest—industrials.

Until this year, industrial properties accounted for a relatively small proportion of most funds. Now, most unit trust managers are actively seeking good factory and warehouse investments. Several independent studies have thrown up the interesting news that as far as rental growth is concerned good industrial property has tended to outstrip offices. Furthermore, industrials usually carry a coupon some two to three points above offices. With the rise in interest rates and consequently yields, the concentration on industrials may be intensified. Industrial property at 10 per cent. may look a good bet.

That is not to say office purchases have gone out of fashion —far from it. Following the record inflow of funds late last year, the unit trusts have been buying heavily in the market. Bank of England figures for the first half of this year show a £40m. investment in property by the funds.

Within this sum can be seen a trend towards buying larger blocks with price tags up to the £10m. bracket. In the main these have been on yields correspondingly higher than the base figure of 5¼ per cent., but some funds have been prepared to pay well over the odds for good reversionary situations. This is a far cry from 1974 and early 1975 when institutions refused to look at reversions.

There has been virtually no investment in property outside this country. Two funds, Barclaytrust International and Pan European, were set up to specialise in foreign purchases, but both are small and have pursued a cautious policy with a high liquidity ratio.

Some trusts are dabbling with direct development, either by picking up sites with planning permission or by taking over half-completed schemes. While in theory this should become a more significant role, the fund managers are reluctant to take on the developer's risks as well as the investor's—not an unwelcome view for pension fund managers.

**Christine Moir**

# PERFORMANCE

## Illusions dispelled

PAST PERFORMANCE has often been used to impress and to lure the investor. In the 1960s and early 1970s—though not so much nowadays—almost the entire marketing effort of the unit trust and mutual fund industries was based on the premise that good past performance automatically led to a prosperous future.

It has taken some time for that illusion to be dispelled. But it is now quite clear that this assumption is not only unreliable; it is often quite wrong. Indeed, a good record over the short-term is frequently the forerunner of a poor spell. The converse also applies; poor recent performance is often followed by a strong recovery.

The marketing men invariably advertise the funds that they can display to the public in the best light, which is only natural. The investor in turn will buy what he is being offered. Hence the fund with the worst performance, even though it might represent the best investment opportunity, will not be exhibited because the public will not respond. The end-result is that, if the investor only becomes impressed once the track record has been achieved, he or she is likely to buy at the top of the market. When disillusionment subsequently sets in the same investor will become frightened and sell at the bottom. This is the classic unit trust conundrum.

Pre-occupation with performance also brings tremendous pressure to bear on the investment managers. It is one thing to keep on one's toes but quite another to be terrified of slipping back in the performance tables and be tempted to go for the highly speculative situations in order to stay ahead. Many of the more speculative shares, which show spectacular gains in a rising market, take the hardest knocks on the way down and suffer from the worst marketability.

Anyone who bases his judgment on performance tables runs a number of risks. Arbitrary periods — calendar years, for example—can be extremely misleading. But perhaps the worst danger is in not comparing like with like. It is clearly quite wrong to compare the capital growth achieved by a growth fund with that of an income fund: the two were never intended to compete and cater for the needs of two sets of circumstances.

It is equally wrong to compare a specialist fund with a general fund. The specialist funds experience periods of exciting growth, but these are often followed by sharp reactions as fashions change. Thus success or failure with such investments will depend on which periods are involved. It is easy enough to demonstrate the superior performance of such funds merely by choosing the best period. It is equally simple to show the trust's worst side. The general fund, on the other hand is likely to be less volatile and will have a performance roughly in line with the general movements of the market as a whole.

A lot of the funds putting up the best showing at present are those based on overseas markets — such as North America and Japan. Clearly these are specialist funds, offering investors something a little out of the ordinary. Investors should know what they are buying and should realise that these trusts will outpace the U.K. market at times and will underperform at other times. If you really want to see how clever the managers are the trust in question should be compared to the local index — that is, the Dow Jones for North America

CONTINUED ON PAGE VII

# INDEPENDENT PORTFOLIOS

## Close links with the client

A PROBLEM which faces many prospective investors is that they are apprehensive of allowing their hard-earned savings to be swallowed up in some faceless fund. Their main concern is often that they will be losing all contact and control over their capital and will have no say just where, and when, the money will be invested. For this type of investor there are three traditional avenues which he is likely to consider. These are the portfolio management services which are offered generally by the clearing banks, the merchant banks and stockbrokers.

There are still several reasons, though, why a particularly cautious investor could be reluctant to sign his funds over to any of these. He could find for instance that both merchant banks and clearing banks are rather too impersonal for his tastes. It is also quite possible that with large organisations such as these an investor could find several different investment managers handling his portfolio over a number of years.

When the latter is the case it will probably be very difficult for an investor to develop as close a relationship as he would like with the person looking after his money. Moreover, the small investor is likely to find that many merchant banks set their minimum portfolio level far too high for his individual level of wealth.

With a stockbroker, the fears, no matter how unjustified, might stem from the fact that brokers are concerned not only with private clients but also, and often in a very large way, with institutions. It would seem reasonable to assume therefore that an investment manager who is successful at managing individual portfolios is likely to be lured eventually by the institutional business. This again would prevent the investor from developing a close enough relationship.

There is, however, another alternative to these traditional services. Independent investment management firms have been developing rapidly over the past few years. In most cases these firms are fairly small, and handle only a limited number of portfolios. This enables the investment managers to form very close links with clients who might be considered too small to merit a close relationship with a manager from one of the other types of organisation.

With this type of service an investor can be certain of maintaining fairly close contact with his capital. Most of these independent firms prefer to operate on a full discretion basis which means that the investment policy of the portfolio is left entirely to the judgment of the appointed manager. However, it is the proud boast of most independent investment managers that they are nothing if not flexible.

### Reports

The close relationship between clients and investment managers is normally maintained by means of twice yearly progress reports. The reports will contain independent third party valuations of the portfolio at that date. The investment manager usually likes to meet his client whenever possible in order to discuss any changes in his financial position so that the portfolio's investment policy can be amended to afford him the greatest benefit. It is possible for a client to obtain progress reports more frequently than twice a year, though in the case of portfolios with a value of say less than £100,000 this may incur an extra valuation charge.

The size of the portfolios handled by the independent managers varies quite widely but they probably average out around the £50,000 mark. Few of the independents actually admit to a minimum portfolio value which they are prepared to handle, but often the fees are calculated in such a way as to make the preferred minimum quite clear.

Again, the preferred or actually stipulated minimums vary widely. In a recent survey conducted by the magazine Planned Savings the minimums ranged between £2,000 and £50,000, with about £10,000 appearing to be the likely average. Very few of these firms have a maximum portfolio value, but it is unlikely that any independent portfolios ever top £250,000.

The flexibility of which the independent managers are so proud also means that clients can expect different types of benefits from their investments. It is possible that some clients will require their investments to return them a steady income while others may wish to see quick capital profits. Thus, by taking account of these quite different needs the independent managers are able to attract clients from widely different walks of life.

Attracting new clients, though, has been perhaps the greatest problem for the independent manager. This is because a large number of prospective clients are worried about entrusting their money to a small organisation, which may have only come into existence recently and consequently has no real track record. Many people feel that banks, though rather impersonal, at least have established reputations.

The independent managers have recognised this problem, however, and are currently in the process of doing something about it. Seven of the leading firms currently operating this type of service have recently formed the Association of Independent Investment Managers. This has not yet been officially launched but it is a legal entity and articles of association have been drawn up by auditors Peat Marwick Mitchell and Company.

The main aim of this association is to offer greater protection to the clients of investment managers. It is too early yet to say exactly what rules and regulations will be introduced for the members, but it seems likely that one primary rule will be the insistence that all holdings of cash and securities should be placed in acknowledged safe hands such as with a clearing bank.

The Association is also likely to recommend that investment managers provide some insurance cover against any loss of their clients' funds, due to either negligence or dishonesty on the part of the manager or any of his employees. Moreover it is likely that spot checks will be carried out to ensure that the members are conducting their businesses in line with the Association's principles.

### Members

The Association will be opening its arms to new members as from November 11 next. Not all of the investment management firms will of course qualify for membership. In order to do so they need to be principally involved in the handling of private investment portfolios and be in a position to give advice and consultation to their clients on all investment matters. They must also be independent of any controlling body which would not qualify on its own merits; that is, an investment trust, a bank or an insurance company.

The Association's committee, which has been formed from the seven founder members, reckons that after its launch next month it should acquire an initial membership of around 20. This, it is thought, will provide the Association with enough teeth for its regulations to carry some weight, though it is hoped that its membership will eventually reach a full potential of about 35.

Whether the Association's influence on the investment sector will ever reach the required levels, with either 20 or 35 members, of course remains to be seen. But it seems fairly certain that its existence will provide at least some extra comfort for the prospective investor. Now, when a client approaches a small and relatively unknown investment firm, he will if the firm is a member of the Association, no longer have to take either the competence or integrity of the expert entirely on trust.

**Tom Kyte**



# THE BANKING SECTOR

## More aggressive role

THE BANKING sector's ability to manage equity investment was in the past questioned to the point that other fund management groups viewed the competition with some degree of complacency. It was often pointed out that the merchant banks gave the impression that more time and the best managers were assigned to the large funds while the unit trusts and the smaller private portfolios were left to the second eleven. As for the clearers it was generally thought that they lacked the experience to manage such funds and anyway their investment policy was by tradition very conservative.

But the banks, no doubt well aware of these criticisms, are now taking a far more aggressive role in the field of fund management. No longer is fund management just another product in their range of financial services. The business is big and most of the merchant banks' investment management teams are keen to get across a certain air of independence from the main banking activities. The clearing banks have now moved into fund management in a big way and there is a definite about-turn in the way other fund management groups view the competition. The talk now is that the banks have an unfair advantage given their branch networks and "in house" promotion by the branch managers.

Hill Samuel is one of the merchant banks that has made its investment management team an entity separate from the bank, which is not surprising considering that the bank now manages funds of around £1,000m. But the bulk of this is taken up by pension funds to the tune of £500m., with £200m. in insurance funds. In comparison the bank manages about £100m. in units and £70,000 in private portfolios.

### Minimum

Given this sort of mix it is small funds under the merchant banks' wing that have to take something of a back seat. While Hill Samuel agrees that there is some gap in management services between the small and big investor, it still offers one of the lowest minimum requirements for private portfolio management. The minimum figure is now set around £20,000 against the average of anything between £50,000 and £100,000. But the bulk of the smaller amounts are put into units, with the remainder in a few selective investments.

Hambros Bank generally looks for a minimum requirement for private portfolio management of around £100,000 but would in certain cases take on a smaller fund. In such cases the managers would carry out an in-depth study of the clients' various needs, and, if suitable, offer a funding package consisting of bonds, gilts and units.

Management fees for private portfolios vary from one bank to another, with Hambros for example charging a flat £5 per £1,000 per year up to £500,000 and thereafter scaled down, while at Hill Samuel there is a charge of £150 per year plus £2 per £1,000.

Hambros no doubt realised that management expertise was not what it should be at the lower end of the scale, particularly on the unit trust side, when it acquired the Allied group back in 1969. Allied was not only one of the founders of the unit trust industry but one of the more successful. That management team now heads up a group that has 20 funds with a total value of some £215m. Arbuthnot Latham and Slater Walker are two other banks that have made acquisitions of existing unit trust groups.

The clearing banks' move into the unit trust field is more recent than that of merchant banks, with Lloyds Bank starting the ball rolling back in 1966. Its first public offer brought in £2½m. without any hard sell through the branches.

But the scope through the branches was enormous and Natwest (initially with the help of Hambros Bank) was another bank to exploit the situation. Following the entry of Barclays via Martins, Unicorn and more recently Midland Bank, following the takeover of Drayton, the clearing banks have become a driving force in the field of unit trust management.

Their position of strength has been enhanced by a better understanding of "in house" investment potential at branch level. Barclays has educated its managers in the merits of unit trusts. It would expect the manager to approach a client that has a very liquid position and point out to him the possibility of a better investment. Furthermore if a customer asks the manager for a suitable investment vehicle without any specifications then he would automatically be put into a "in house" trust.

### Team

Apart from a far more extensive promotion campaign the clearing banks have become more aware of the need to have a more flexible and experienced investment management team. Barclays has its own team of trust managers backed up by its own analysts which as a unit are able to give a competitive fund management service. As with some of the other clearers Barclays also runs private portfolios on lines similar to those of the merchant banks. The charges here are more or less in line with the sector average with a fee of £5 per £1,000 with a minimum charge of £200. Because of the minimum charge it is no longer a viable proposition to handle private funds under £50,000 and as such Barclays has been offering the smaller funds the opportunity to switch into units where the management fees are cheaper.

The investment policy of the clearing banks may still be on the conservative line with much caution on the performance front—the funds are certainly not high flyers—but there can be no doubting how successful they have been.

Barclays is by far the largest now, handling funds in the units to the tune of just under £250m., while both Lloyds and Natwest are around the £50m. mark with the newcomer Midland just over £10m. Perhaps the best indication of the banks' success in this field is the growing number of protests from those like stockbrokers and insurance brokers, who claim that the banks are gaining a monopolistic control of financial advice.

This form of protest does seem to be a little unjust, for the type of management expertise that is to be found outside the banking sector will always find a market. The others should after all be in a position to offer a greater degree of specialisation and there will always be the investor who wants something extra. The banks for their part clearly have a role to play for it is a known fact that a large slice of the community looks to the bank manager first for advice on such matters as investment. And if they can give a satisfactory service then this must surely be in the best interest of the investing public.

**David Wright**



# OFFSHORE FUNDS

## Flourishing operation

Dynamism is a commodity vital to most forms of stock market investment and one that has been noticeably lacking from the world's stock markets for most of this year. All the major European bourses stand at or near their lows for the year: that goes too for Australia and the Far East generally, and even Wall Street is only marginally ahead of its January levels, having failed to penetrate decisively new high ground on innumerable occasions this year. So by rights the offshore fund industry, with its relatively high operating costs and subsequent dependence on attractive investment performance, could be expected to be keeping a fairly low profile. This is not the case.

Despite the poor performance of stock markets around the world—and with the global economy slowing down the *world-wide bull market that* people talked of optimistically earlier this year is now beginning to look uncomfortably ragged—the off-shore fund movement continues to flourish. Several new funds have been launched this year (it has, in fact, been a relatively busy time for the Channel Islands) and it is equally clear that further new formations are currently waiting in the wings. The tendency has been towards greater specialisation, but Save and Prosper, for one, reports a steady demand for its more broadly based growth funds.

Originally the word "offshore" was a term applied exclusively to mutual funds (unit trusts) established outside North America. But in more recent years it has come to be understood as unit trust type investment established in a tax haven primarily for residents or citizens of countries with high levels of taxation. In general offshore funds now offer a far wider range of services: tax motivation remains high on the list but matters like exchange control regulations and free access to a global investment also play a prominent part.

Where an offshore fund is based in one of the more classical or exotic tax havens—like the Bahamas, Bermuda or the Cayman Islands—funds may not be liable to capital gains tax so there is an obvious incentive for portfolios to be actively managed. Of course, residents of, say, the U.K. and the U.S. eventually have to pay their respective revenue bills when an offshore investment is cashed in, but in the intervening period the liability is postponed and gross returns help swell the overall performance of the fund. Over a period of years the *rolled-up* value of some offshore funds have (and can) proved a formidable attraction to investors. The tax lures extend just as invitingly into other areas.

Anyone emigrating from the U.K.—or going overseas to work for at least three years—would for example be liable to both capital gains tax on assets sold prior to departure and to capital transfer tax on assets taken outside the country. But by turning such assets into cash and putting them into an offshore fund in a non-transferable tax haven the emigrant can avoid both liabilities, as well as any possible death duties.

If you are leaving the country with the intention of residing for up to three years outside the scheduled territories you may apply directly to the Bank of England for treatment as an immigrant for exchange control purposes (such a redesignation does not involve a change of nationality or restrict freedom to visit the U.K.).

On departure a family may transfer £5,000 of assets at the official parity rate, or up to £20,000 if the move is to part of the overseas sterling area. One may also take all household effects including a car and most life assurance policies. But any further assets over that amount face a restriction of four years, and if taken out of the country before that time limit would usually suffer the investment currency premium.

Emigration involves, of course, just one of the many exchange control problems that an investment in an offshore fund can help solve. But as an illustration it is fairly typical, and is the sort of snag that any actively managed career can easily run up against. Offshore funds are increasingly learning to smooth out such difficulties.

### Categories

Roughly speaking, offshore fund investors tend to fall into four broad categories. The high taxpayer wishing to avoid some of his liability is the obvious starting point. Secondly, there are former residents of Europe and the U.S. who have retired to less tax-dominated parts of the world. Thirdly comes the employee of the international corporation with a high tax-exempt salary and a tendency to be shunted quickly from one part of the world to another. Finally there is the professional element. Offshore funds are often an ideal solution for the fund manager wishing to buy specialist skills. Institutions and trustees, notably in insurance fields, have made increasing use of offshore funds in recent years.

In the U.K. most of the major money management groups have offshore divisions. The banks are represented by Barclays and the Trustee Savings Bank, with names like Kleinwort Benson and Warburg showing the flag for the merchant bankers. Predictably the unit trust groups are equally well represented.

The Tyndall group launched a new offshore fund (a gilt-edged fund based in the Channel Islands) as recently as February, while Save and Prosper has barely completed the initial offer of its latest fund, the Dollar Fixed Interest Fund. Save and Prosper formed a commodities fund last November. The Tyndall gilt fund is primarily aimed at the investor within the Channel Islands and the Isle of Man, where its yield of 12.9 per cent. is an obvious attraction.

Individuals investing directly into gilts can take any capital gains free of tax once the investment has been held for a year, but the Tyndall Fund is treated as a company and is liable to corporation tax. This tax is nominal in Jersey. The fund has attracted something like £1¾m. to date; the minimum investment is £1,500.

Tyndall hopes to follow Save and Prosper's recent commodity lead with a similar fund of its own. Anyone contemplating an investment in physical commodities is of necessity forced offshore since authorised unit trusts in the U.K. are not allowed to tap this market. Save and *Prosper's commodity fund* has pulled in close on £14m. in barely a year with a £1,000 minimum investment. Its major stakes are in copper and rubber.

**Jeffrey Brown**

# FIXED INTEREST

## Demand at peak levels

ABOUT four years now ·has been a strong demand ·ivestment vehicles giving ·ı income return with some ·ttion for capital values. ·on running well into ·e figures coupled with ·ssed equity and property ·ts — both of which were ·ally thought to be safe ·s against inflation — are ·ısible for this change in ·ment demand.

·rently equities are again ·g new lows, while the pro- sector seems to be taking after knock. Moreover, ·st rates have shot up to ·evels following the recent ·o the MLR to a record 15 ·ent. Not surprisingly, demand for fixed interest ·ment is once more run- ·t peak levels.

·ı income funds are cur- ·the lifeblood of the unit ·ndustry with redemptions ·ıere fairly high. a situa- ·ery similar to the early ·when the guaranteed ·e bond — until the Gov- ·nt closed the tax loophole ·s keeping the unit trust afloat. *But these high* ·e bonds are facing stiff ·tion from other forms of ·nterest investment. Gilts. ·ample, are now yielding ·ng up to 16 per cent. ·ing the recent rise in rates ·is of course has sparked ·ues of funds *specialising* ·-edged securities.

·ouple of weeks back Pro- Growth launched just such a *gilt fund*, while more recently the City of Westminster Assurance introduced a *similar bond. The small investor* was clearly in mind here, with the minimum investment set at *£200. while a tax-free* withdrawal system has attractions for the higher tax payer.

Yields on the *high* income funds range up to about 15 per cent. and while these are still attracting sizeable subscriptions it is clear that they are losing some of their competitive edge. True, there is a better prospect of capital growth if the portfolio has a large content of high yielding equities but to give a high starting yield there is a need to bolster the fund with preference shares. *These of course are fixed income investments which have* limited potential for capital growth unless there is a sharp downturn in interest rates. *So* the make-up of the high income portfolios is an important factor.

### Equities

Two high income funds that are aggressively marketed are Lawson High Yield and Arbuthnot High Income. Lawson has *a mix of preference shares,* high yielding equities and investment trust income shares *in the portfolio while at Arbuth*not the fund is made up as to 70 per cent. high yield equities and the remainder in preference and convertibles.

The drawback with these high income funds, and indeed with *most other fixed interest* investments, is that they are fine when interest rates are *fairly* static or falling, since they give a good mix of income coupled with capital growth; in*come funds in the past have* even outperformed the growth funds. But when interest rates are rising, as they have recently, then substantial losses in capital values are seen.

Since the beginning of this month Arbuthnot has seen the offer *price of its high income* fund fall from 31.6p to 29.3p while at Lawson the decline has *been from 38.5p to 35.4p In* other words those investors who bought these units before October have been getting income at the expense of capital. In such cases it might seem appropriate to take a slightly lower yield where the capital downturn is that much less. After all it is no good getting a 15 per cent. return on money *if the capital base is being* eroded at the rate of 10 per cent. per month.

Naturally there are those investors who are prepared to take a high starting level of income at the risk *of a short*-term drop in capital values. *What is more, if investors feel* that the measures recently taken to get interest rates *higher* have now run their course, the income bonds could be worth an investment since they are after all historically high-yielding funds.

It will take a brave investor, though, to predict that interest rates have peaked and the time is right once again for longer term investments. It is these unsettled conditions together with the volatile state of the equity market that has made flexibility of capital movements a must with no long-term commitment. This climate has made the one year local authority bonds a much wanted commodity.

### Noticeable

Yields on yearling bonds are now around 14¾ per cent. and at the same time money is only tied up for a period of a year. Such has been the level of demand for the bonds that last week's batch of local authority issues, totalling some £18¾m., was *oversubscribed more than* three times. The discount houses are normally very active in this *market but last week there was* a noticeable upturn in the demand from private investors.

Since the rates on yearling bonds are adjusted on a weekly basis they have been quick to move in line with the sharp jumps in the MLR, whereas *traditional forms of risk-free* income investments, such as the building societies, have reacted *that much more slowly.* This has further enchanced the competitive edge of the yearling bonds, since they are now yielding some two points more than the grossed-up rate of building societies. At the start of the year the differential was a half point in favour of the societies.

Volatile markets, rising *interest rates and an inflation* rate running apparently unchecked can clearly erode the advantages of a particular fund in a short space of time, so some form of a guarantee goes a long way. Such a vehicle providing a guarantee of maintained purchasing power is the National Savings index-linked issue. This scheme, which involves regular monthly payments, is linked to the Retail Price Index. At the end of the five-year payment plan the contribution would have been adjusted for the increase in the cost of living since the payment was made. There is also an option to leave the money in for another two years, when a bonus element would be included.

A vehicle such as the National *Savings index-linked scheme is* clearly ideal for the smaller investor in these unsettled times, while elsewhere the call of the day must surely be for flexibility. It is foolish to jump in and tie up capital when a new fund comes along that looks attractive, since—as pointed out—the terms can be quickly eroded, much as was the case with the *guaranteed income bonds. Rates* firmed up so much that investors were prepared to take the surrender penalty to switch into more attractive bonds and this caused a number of life companies to crash. at the cost of those locked in. If an investor needs income then it would be advisable to spread the risk through a diversified portfolio.

**David Wright**

# PERFORMANCE

CONTINUED FROM PAGE V

or the Tokio S.E. index in Japan etc. — and not the F.T. Industrial Ordinary or F.T. Actuaries All Share indices.

*Having said that, the* emphasis on pure growth has died down considerably. The investor, presumably because of the economic climate in the U.K. *and the pressure on in*comes, is becoming more interested in security and income. Many of the more recent funds launched on to the market have *been those with high income* objectives. The public's appetite for income was demonstrated by the popularity of the guaranteed income bonds. And all of the single premium bonds (lump sum unit-linked life assurance policies), whether based on property, equities, cash or a mixture, have an income facility to satisfy this growing requirement.

### Benefits

The public is also more interested in the tax benefits incorporated in the various investments available. Currently popular are the schemes that generate the cash to pay for school fees. The security consciousness of the public can also be seen in the demand for *cash bonds, which take advan*tage of the currently high interest rates, and in convertible bonds which are *basically* a vehicle to keep money on ice until better times return in the investment markets.

For the professional adviser performance is tremendously important and most groups keep leagues tables of their own in *addition to those* published by such magazines as Planned Savings and Money Management and *Unitholder.*

The professional — whether running a unit trust, investment trust, pension fund, an insurance company, private portfolio, or whatever—has a mountain of statistics and information available to ease his task of achieving the best *performance.*

Almost every office is equipped with the evergreen Exchange Telegraph cards which contain a mass of statistical and general information. But more sophisticated data, accompanied by persuasive arguments as to why a manager should buy, sell or hold a stock, is generated by the dozens of stockbrokers' *research departments dotted* around the City. The quality is variable: some is extremely useful, some finds its way *into the* fund managers' waste paper bins straight away.

### Technical

Yet more information comes the professional's way from the *chart firms which cater for* those with a taste for technical analysis. Chart Analysis, for example, prepares charts on not only shares and fixed interest stocks, but also commodities and currencies.

Computers are coming more and more into play, following *the lead set by Wall Street,* where they have become a way of life. The capabilities of com*puters are particularly useful,* and probably even indispensable, for those dealing in fixed *interest stocks or in investment* trusts where there is a requirement for a mass of daily up*dating calculations and* adjustments. In such markets, it is those with the most up-to-date information who have the edge.

DataStream, the computerised financial information service which was formerly part of stockbrokers Hoare Govett is certainly the most sophisticated in the U.K., and probably in Europe. The DataStream computer contains information not only on U.K. equities, gilts and other forms of fixed interest *but also on stocks quoted in* North America, France, Germany, Holland and Hong Kong. It also stores information on *whole economies.*

The number of programs on the system has grown from under 200 in 1972 to over 800. The value of this instant information has not been lost on the financial community and the usage of the service has increased 12-fold over the past four years. And 10 per cent. of the terminals are outside the U.K.

It seems this trend towards more and better statistics is likely to accelerate. Exchange Telegraph, for example, is now selling computer services and *some foreign firms* have set up in the City with information on overseas markets though mainly *to service* the foreign banks that have set up shop in London.

**Keith Lewis**



# MANAGED FUNDS

## Attempt at all-weather package

·GED bonds, mixed funds, ·funds—call them what ·ill—were devised by the ·ıked life assurance ·nies to keep the single ·ım pot boiling and the ·en happy. Before these ·appeared, the public had ·huge quantities of equity and, when *fashion* ·d, even larger quantities ·operty bonds. It was ·re a natural step to put ·ious components together ·package—along the style ·ıditional life fund, though ·arketing men would not ·—and offer the end- ·t as an all-weather ·n beater.

·e early days, it seemed ·lausible that when shares turned a little sour the investment manager could merely switch out of shares and into property. And if property was looking shaky as well, then he could turn to fixed interest or cash.

In practice, however, things have turned out quite differently. The nimble footwork and the proposed shifts between the various investment media were simply not possible. As the funds grew so the problem *mounted.* It was not a practical exercise to switch millions of pounds of investors' money into the different compartments, particularly when the markets were shaky. As many people in the City know to their cost, property can lose its marketability very quickly — and its value. *In forced sale situations* the penalties are even worse.

In the stock markets of 1972-1974, especially in the later stages, shares were also lacking in marketability. Even the so-called blue chips were affected by this and some of the second*liners were unsaleable — cer*tainly in any quantity.

The only real protection open to the managers was to build up liquidity, though not so much by selling assets in the fund as by not investing the new money coming in. But that too was a tactic that lost its potency, since as the funds grew the new money coming in represented *a smaller percentage of total.* And as investors became thoroughly disillusioned and began to pull their cash out, such liquidity as existed was used to meet redemptions. The advertising stopped and new sales dwindled. In short, managed funds did not fulfil their earlier promise.

From the investors' point of view what really counts at the end of the day is the performance. The Hambro Life Managed Fund, which now amounts to £146m., is as good an example as any. *Since its formation* during the early part of 1971 the units have averaged a growth rate of 5 per cent. per annum after all charges. This is better than the average achieved by the Financial Times Actuaries All-Share index — a *broadly-based index of the stock* market — but of course is inferior, to the performance of *funds deposited with the build*ing societies.

At present, the Hambro Managed Fund is invested 68 per cent. in equity units—in which there is an underlying liquidity element of around 10 per cent. — 26 per cent. in property units and the remainder in deposits.

At Hambro's great rival, Abbey Life, a new Managed Fund was recently formed with *considerably greater freedoms* of investment than the old Selective Fund, created in the spring of 1971. The Selective, amounting to around £40m. and not now being promoted, has powers to invest only in units of the Abbey Property and Equity Fund units. The balance between the two has mostly been roughly 50:50 and at present is 56 per cent. property: 44 per cent. equity. The performance of that fund on average since *inception* has been 6.44 per cent., which again shows that depositors in *a building society would have* fared somewhat better.

### Freedoms

The Abbey Managed Fund has been created mainly so that it can have greater freedoms: *that is, it is not restricted to* investment only in units. It can invest in shares direct, on its own account *and in property* — though for the latter the managers have so far only put money into the property fund. The total size of the fund is £2¾m.

The picture is not too different elsewhere, though of *course there are minor varia*tions. The Save and Prosper Managed Fund — currently valued at approximately £20m. —is split as to 40 per cent. apiece in equities and property, with the balance in cash or near cash.

But just as managed funds were a product of the times so new vehicles have come on to the investment scene. Income bonds became the major successor *and now there are such* things as cash funds and convertible funds. The name of the game has changed from the pursuit of pure capital growth *to income,* or at least some sort of combination. Indeed, managed funds in most cases provide the investors with the facility of drawing a tax free income up to 5 per cent. of the *sum invested.*

So what of managed funds now? It would seem that the concept at least remains sound and intact. Most of the funds, in *addition* to the income facility, do offer the investor the chance to switch into other bonds. But *all the evidence sug*gests that policyholders have so far not taken advantage of this to any great extent.

Much of the inflow of cash into the managed funds is not so much from single premiums as from regular premium. In *this way, the investor agrees to* contribute a set amount each month and is not subject to the same risks of timing. If the market is on the crest of a wave the monthly payment (the premium) buys *fewer* units and at the bottom the same premium buys more units. This has the effect of smoothing out the peaks and troughs — an effect known as pound-cost-averaging.

### Niche

In its latest role of attracting regular premiums it could well be that the managed fund has found its true niche — that is, it is merely an alternative to the traditional with-profits endowment policy and was never in fact suited to the single premium market. Events have shown two things: that the managed fund is as susceptible to market swings as anything else; and that the people who were told, and accepted, that managed funds were an all-weather, all-purpose investment are prone to the same disillusionment as all investors under the impression that they stand to make a good profit from a position of security. An investment that fits that particular bill has yet to be devised.

In retrospect, the managed fund was produced at a very unfortunate time, in that both property and shares suffered very heavy falls in value after a sharp run-up. The average performances mentioned, disappointing as they are, present a reasonable picture. But investors who got their timing totally wrong are still nursing very heavy losses indeed on their managed funds.

However, the game is still continuing and for those who have not actually realised a loss and are still holders the position could still right itself given time.

**Keith Lewis**

# WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

# Opening firmness fails to hold

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Oct. 28.

OPENING FIRMNESS, aided by the ½-point reduction to 6½ per cent. in the prime interest rate by Continental Illinois National Bank and Trust of Chicago, failed to hold on Wall Street to-day and prices tended to ease after a strong two-day advance.

***Closing prices and market reports were not available for this edition.***

*The Dow Jones Industrial Average* opened another 2.32 up at 958.44 before reacting to 952.71 by 1 p.m., for a net loss of 3.41. The *NYSE All Common* Index shed 4 cents to $54.28, while the trading volume expanded 1.28m. shares to 9.74m. compared with 1 p.m. yesterday.

Many investors were encouraged by Continental Bank's move, but quite a few remained concerned *about the slowdown in the* economy. Others, however, were awaiting apprehensively the Commerce Department's report to-morrow on its September Index of Leading Economic Indicators.

Then, just as the Stock Market opened, the Commerce Department reported a September Balance of Trade deficit of Trade deficit of $778.9m., the third consecutive deficit that brings the trade deficit for the year to $3.41bn.

**General Motors** edged up $⅛ to $73¾ despite its sharply higher *profits.*

**Delta Air Lines** added $¼ at $37¼, following improved earnings.

**IBM** picked up $1⅜ to $267½.

**Hughes Tool** tumbled $7½ to $38—late yesterday it came in with sharply reduced profits.

***KLM Royal Dutch Airlines*** slipped $2⅛ to $45½—it does not expect the strong earnings recovery shown in the first half *to continue in* the second half.

**Kennecott Copper**, a volume leader, fell $1 to $25⅝ on nearly 200,000 shares.

But **Libbey-owens-Ford** rose $1 to $32¾ on its raised quarterly dividend.

**NESA Petroleum** picked up $¾ to $30¼, reflecting higher earnings.

**The American SE Market Value** Index lost 0.06 to 98.44, while the Index lost 0.06 to 98.44, while 10,000 shares to 930,000 shares compared with 1 p.m. yesterday.

**Robintech** rose $½ to $12¼ but **McIntosh** fell $1½ to $15.

### WEDNESDAY'S ACTIVE STOCKS

| | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Amer. Tel. and Tel. | 276,800 | 59¼ | +⅛ |
| Chrysler | 202,500 | 19⅝ | −¼ |
| Gulf Western | 197,800 | 15⅝ | −⅛ |
| General Motors | 186,400 | 73¾ | +1⅛ |
| General Foods | 173,200 | 33⅛ | −⅛ |
| Fuqua Ind. | 171,900 | 10⅛ | +⅛ |
| Royal Ind. | 156,200 | 9¼ | −¼ |
| Citicorp | 145,300 | 30¾ | +½ |
| Dow Chemical | 138,300 | 42¼ | — |
| City Invest. | 137,600 | 12¾ | +⅛ |

## OTHER MARKETS

### Canada mixed

Canadian stock markets continued broadly mixed in light trading yesterday morning.

*Industrial Mines showed some* weakness, but Gold Producing issues tended upwards in accordance with the jump in gold *prices.*

**Imco** dropped $¾ to $31⅞, **Cominco** lost $¼ to $36¾, **Falconbridge Nickel** $¼ to $36½, and *Denison $½ to $52.*

But **Noranda** rose $¼ to $33⅝ and **Campbell Red Lake** $¼ to $21¼. **Sigma** advanced $2 to $17½, while **Dome Mines** at $38 and **Great Yeollowknife** at $5½ each put on $¼.

**PARIS**—Generally well maintained. Official news that French Retail Prices rose 1.1 per cent. in September had little market impact.

Metals and Chemicals were mixed, while Petroleums were lower. Constructions were particularly firm.

**Jacques Borel International** fell *Frs.3 to 262 following W. R. Grace* increased stake in its capital.

**Peugeot** rose Frs.2.4 to 195.50 on higher net provisional first half profit. But **Citroen** shed Frs.0.8 to 39 on a lower provisional net first half profit.

Foreign sector well maintained. Americans, Germans and Canad*ians were firmer, but* Dutch values lost ground. Gold Mines rose an average of 4 per cent.

**BRUSSELS**—Broadly higher in *lively trading.*

Non-Ferrous Metals were firm, Chemicals higher, modest gains were registered among Holdings *and Oils firmed strongly.* But Steels went against the general trend.

South African Gold Mines im*proved.*

**AMSTERDAM**—Sharply lower, attributed to developments at the Currency-Market.

*Banks* were steady, while Insurances declined. In Transportations **KLM** finished Fls.2.2 down, **Holland-America Line Holding** were up Fls.1.50, **KNSM Group** up Fls.1, and **Shipping Union** up Fls.0.80.

**GERMANY** — Leading shares lost up to around DM3 on Foreign and Institutional selling but trading generally remained thin.

Among sharper losses, **Karstadt** fell DM5, **Siemens** DM4.80 and **KHD** DM4.50.

Demand was very lively for Public Loans and prices firmed up to DM0.30, with the Regulating *Authorities* seeking DM135m. nominal of stock. Foreign Mark Loans were also higher.

**SWITZERLAND**—Swiss issues narrowly mixed in moderate trading.

Banks were narrowly mixed, Industrials and Financials were easier, Insurances steady, while Chemicals were irregular.

Dollar stocks firmed in livelier trading. Germans were barely steady, while South African Mining Financials rose on good demand.

**MILAN** — Prices declined around one per cent. following speculative sales which prevailed in slow trading.

**OSLO**—Bankings were firm, Insurances quiet, while Industrials and Shippings were barely *steady.*

**VIENNA**—Fairly steady but quiet.

**COPENHAGEN** — Generally higher in moderate dealings. Banks were slightly lower but Insurances and Commodities, Shippings and Industrials all *improved.*

**HONG KONG**—Little change in slow trading.

**Hong Kong Bank** were up 10 *cents to $HK17.90,* **Jardine** 10 cents to 16.90, **Swire Pacific 'A'** 5 cents to 8.90 and **Hong Kong Telephone** 10 cents to 26.10.

**TOKYO**—Higher in active trading, although some forerunners met profit-taking towards the close. Volume 240m. (210m.) shares.

*Export-oriented* shares firmed. But Electricals and Motors turned lower on late profit-taking. Foods, Textiles and Pharmaceuticals were all better. **Toyota Motor Sales** rose Y42 to 765 following its improved first half year profit, and **Hitachi** rose Y2 to 198 after raising its interim dividend.

***JOHANNESBURG**—Gold shares* were steadier after the IMF auction, although there was some profit taking towards the close.

Financial Minings were mixed, while Coppers were quiet with **Messina** losing 5 cents to R255.

**AUSTRALIA** — Uraniums again led markets higher, ahead of the *release of the Fox report.*

**Pancontinental** advanced $A1.10 to $A9.10, **Peko-Wallsend** 30 cents to $A4.70 and **Queensland Mines** 15 cents to $A2.05.

**Kathleen Investments** were up 10 cents to $A1.30 and **Western Mining** put on 5 cents to $A1.58.

## Indices

### NEW YORK—DOW JONES

| | Oct. 27 | Oct. 26 | Oct. 25 | Oct. 22 | Oct. 21 | Oct. 20 | 1976 High | 1976 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrial | 956.12 | 948.14 | 938.06 | 938.75 | 944.90 | 954.87 | 1014.79 (21/9) | 858.71 (2/1) | 1051.70 (11/1/73) | 41.22 (2/7/32) |
| HomeB'nds* | 89.62 | 89.68 | 89.55 | 89.71 | 89.66 | 89.70 | 89.86 (23/9) | 85.68 (13/7) | — | — |
| Transport | 207.68 | 206.58 | 205.23 | 206.23 | 207.95 | 208.46 | 251.27 (14/7) | 175.69 (2/1) | 279.88 (7/2/69) | 13.23 (8/7/32) |
| Utilities | 96.92 | 96.55 | 96.24 | 96.16 | 96.69 | 97.01 | 99.02 (21/9) | 84.8 (26/5) | 165.52 (20/4/65) | 10.58 (28/4/42) |
| Trading vol. 000's ‡ | 15,790 | 15,490 | 15,510 | 17,870 | 17,980 | 15,860 | — | — | — | — |

* Basis of index changed from July 1.

| Ind. div. yield % | Oct. 25 | Oct. 15 | Oct. 8 | Year ago (approx.) |
|---|---|---|---|---|
| | 4.09 | 4.10 | 4.03 | 4.56 |

### STANDARDS AND POORS

| | Oct. 27 | Oct. 26 | Oct. 25 | Oct. 22 | Oct. 21 | Oct. 20 | 1976 High | 1976 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| *Industrials | 113.90 | 113.07 | 111.87 | 111.71 | 112.82 | 113.60 | 120.89 (21/9) | 101.64 (2/1) | 134.64 (11/1/73) | 3.52 (30/6/32) |
| †Composite | 101.76 | 101.06 | 100.07 | 99.96 | 100.77 | 101.74 | 107.83 (21/9) | 90.90 (2/1) | 120.24 (11/1/73) | 4.40 (1/6/32) |

| | Oct. 20 | Oct. 13 | Oct. 7 | Year ago (approx) |
|---|---|---|---|---|
| Ind. div. yield % | 3.61 | 3.59 | 3.55 | 3.74 |
| Ind. P/E Ratio | 11.50 | 11.56 | 11.66 | 11.97 |
| Long Govt. Bond yield | 5.34 | 5.27 | 5.23 | 6.00 |

### N.Y.S.E. ALL COMMON

| Oct. 27 | Oct. 26 | Oct. 25 | Oct. 21 | 1976 High | 1976 Low |
|---|---|---|---|---|---|
| 54.32 | 53.97 | 53.46 | 53.85 | 57.51 (21/9/76) | 37.06 (2/1/76) |

| Rises and Falls | Oct. 27 |
|---|---|
| Issues Traded—1,846 | Up—850 |
| Down—534 | Same—462 |
| New Highs 32 | New Lows 22 |

| | Oct. 27 | Oct. 26 | Oct. 25 | Oct. 22 | 1976 High | 1976 Low |
|---|---|---|---|---|---|---|
| MONTREAL Industrial | 175.16 | 173.48 | 173.49 | 175.45 | 207.33 (19/5) | 173.40 (26/10) |
| MONTREAL Combined | 175.79 | 174.47 | 174.17 | 176.83 | 199.76 (20/5) | 173.67 (2/1) |
| TORONTO Industrial | 176.61 | 175.56 | 174.84 | 176.12 | 197.45 (30/2) | 175.91 (2/1) |
| JOHANNESBURG Gold | 139.8 | 138.7 | 138.4 | 140.5 | 226.7 (12/3) | 115.8 (25/8) |
| JOHANNESBURG Industrials | 177.2 | 177.4 | 178.3 | 178.6 | 215.0 (21/5) | 177.1 (30/8) |

| | Oct. 28 | Previous | 1976 High | 1976 Low |
|---|---|---|---|---|
| Australia (a) | 436.70 | 434.25 | 522.63 (19/3) | 432.43 (26/10) |
| Belgium (b) | 87.96 | 87.60 | 113.18 (5/2) | 87.15 (25/10) |
| Denmark (d) | 101.39 | 101.17 | 117.70 (19/8) | 100.14 (14/10) |
| France (e) | 52.8 | 52.5 | 74.3 (3/3) | 52.3 (26/10) |
| Germany (f) | 691.4 | 696.1 | 821.7 (17/3) | 629.9 (25/10) |
| Holland (g) | 81.8 | 82.3 | 106.3 (5/2) | 77.9 (13/10) |
| Hongkong (h) | 392.48 | 391.12 | 465.33 (17/5) | 364.63 (2/1) |
| Italy (k) | 67.86 | 68.35 | 91.37 (25/2) | 66.25 (18/10) |
| Japan‡ (m) | 360.52 | 360.37 | 359.61 (1/9) | 326.28 (6/1) |
| Singapore (n) | 248.05 | 246.91 | 288.16 (5/2) | 236.35 (2/1) |
| Spain (p) | 74.84 | 74.11 | 100.79 (7/5) | 72.65 (22/10) |
| Sweden (q) | 379.66 | 382.42 | 476.95 (10/6) | 379.65 (28/10) |
| Switz'rl'd (r) | 263.0 | 264.0 | 298.6 (12/3) | 262.5 (26/10) |

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10): (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73 (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966 (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (c) Closed.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated
♥ Ptas.500 denom. unless otherwise stated
♣ Kr.100 denom. unless otherwise stated.
Φ Frs.500 denom. unless otherwise stated.
¥ Yen 50 denom. unless otherwise stated
‡ Price at time of suspension

# Sterling weak

Sterling opened at its worst level ever in the foreign exchange market yesterday morning. Sales of the pound in Far East markets pushed the rate down to $1.55-1.55½ but once European markets began trading sterling recovered quickly to touch $1.5725 by 9.30 a.m. The best level reached during the day was $1.5750-1.5760, but rates fluctuated between $1.5650 and $1.5725, before closing at $1.5690-1.5710, a fall of 62½ points on the day, and a further record closing low against the dollar.

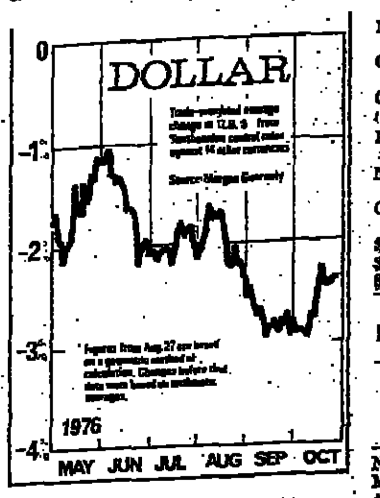
The pound's trade-weighted average depreciation since the Washington Currency Agreement, as calculated by the Bank of England, widened to a worst ever level of 48.8 per cent. at the close, compared with 48.1 per cent. previously, after standing at 48.7 per cent. at noon and 48.6 per cent. in early dealings.

The authorities may have *intervened in the very short-term* forward market to steady the pound's fall. Discounts on forward sterling against the dollar *remained* very wide, with the three-month rate closing at 6.17 cents against 6.22 cents previously.

The dollar tended to lose ground against the stronger European currencies, partly as a result of the pound's weakness, but also on indications of lower U.S. interest rates, following a prime rate cut by a U.S. bank. Morgan Guaranty's calculation of the dollar's depreciation since the Washington Agreement was un*changed at 2.38 per cent.*

The French authorities may have intervened to prevent too sharp a fall by the French bank, while the Swiss authorities were reported to have sold Swiss francs to stem the rise by the Swiss *unit.*

Gold rose $5½ to $122½-123½ in very active trading, following the success of the gold auction by the *International* Monetary Fund.




### SPECIAL DRAWING RIGHTS RATES

| One SDR is equal to | Oct. 27 | Oct. 26 |
|---|---|---|
| Sterling | 0.722392 | 0.721746 |
| U.S. dollar | 1.15366 | 1.15385 |
| Belgian franc | 42.5931 | 42.6566 |
| Deutschemark | 2.77594 | 2.77900 |
| French franc | 5.77782 | 5.77108 |
| Italian lira | 996.878 | 995.552 |
| Japanese yen | 338.715 | 338.739 |
| Dutch guilder | 2.91876 | 2.92951 |
| Swedish krone | 4.86787 | 4.88386 |
| Swiss franc | 2.81285 | 2.81256 |

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

### EXCHANGE CROSS-RATES

| Oct. 28 | Frankfurt | New York | Paris | Brussels | London | A'sterdam | Zurich |
|---|---|---|---|---|---|---|---|
| Fr'nkfu't | — | 2.3955 65 | 47.88 93 | 6.10-61 | 4.75-76 | 95.50-57 | 98.68-84 |
| N. York* | 41.66-68 | — | 20.0-12 | 2.72 1-724 | 1.5814 30 | 39.78 80 | 41.09-11 |
| Paris | 208 65 9.05 | 4.9925 095 | — | 13.57½ 60½ | 7.805-835 | 199.40-80 | 205.725-125 |
| Brussels | 15. 6 40 | 36.77 82 | 7.35.5-3.8 | — | 57 45 61 | 14 65 71 | 15.13-17 |
| London | 3.75¾-76½ | 1.5669-571 | 7.84¼-85¼ | 57 7 90 | — | 3.93 94 | 3.81-2 |
| Am'rd'm. | 104 725 775 | 2.5042 67 | 50.14 18 | 6.125 75 | 3 9165 9215 | — | 103,185 255 |
| Zurich | 101.40-49 | 2.4282 92 | 48.55-60 | 6 69¼-04¼ | 3.8010 65 | 96.86 95 | — |

U.S.$ in Montreal U.S.$=97.08-10 Canadian cents.
Canadian $ in New York. C$=102.91-94 U.S. cents. U.S. $ in Milan 864.60-865.60
Sterling in Milan 1354.0-55.0. * Rates for Oct. 27.

### EURO-CURRENCY INTEREST RATES*

| Oct. 28 1976 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | W. German mark | Swiss franc |
|---|---|---|---|---|---|---|
| †Short term | 14 17 | 4¾-5 | 8¼-9¼ | 7¾-8¾ | 2⅞-3⅛ | 10-12 |
| 7 days notice | 22 25 | 4¾-5 | 8¾-9¾ | 7¾-8¾ | 2⅞ 3⅛ | 3⅛-3¾ |
| Month | 22⅛-23¾ | 4⅞-5⅛ | 8⅞-9⅛ | 8⅝-9⅝ | 3[illegible] | 1⅝-1⅝ |
| Three months | 21¼-22⅞ | 4⅞-5⅛ | 9-9¼ | 8⅝-8⅞ | 4[illegible] | 1[illegible]-2[illegible] |
| Six months | 20½-21½ | 5¾-6 | 9⅛-9⅜ | 8⅜-8⅝ | 4⅞-5 | 2¼-2⅝ |
| One year | 19¼-19⅞ | 6-6¼ | 9⅛-9⅜ | 8-9 | 5[illegible]-5[illegible] | [illegible] |

Euro-French deposit rates: two-day 10½-11 per cent.; seven-day 11¼-11¾ per cent.; one-month 11½-12¼ per cent.; three-month 12¼-12¾ per cent.; six-month 12⅛-12⅝ per cent.; one year 12⅛-12⅝ per cent.

Longer-term Eurodollar deposits: two years 6⅞-7⅛ per cent.; three years 7⅜-7⅝ per cent.; four years 8-8¼ per cent.; five years 8¼-8½ per cent.

*The following rates were quoted for London dollar certificates of deposit:* one month 4[15/16]-5[1/16] per cent.; three-month 5¼-5½ per cent.; six-month 5[9/16]-5[11/16] per cent.; one year 5¾-6 per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two *days' notice for guilders and Swiss francs.*

## OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—134½% (130%).

### MILAN

| Oct. 28 | Price Lire | + or − | Div. Lire | Yld. % |
|---|---|---|---|---|
| Alitalia Priv. | 510 | −75 | — | — |
| ANIC | 393 | −7 | — | — |
| Ausonia Fin. | 2,940 | −20 | 120 | 4.4 |
| Bastogi | 896 | −24 | — | — |
| Breda | 1,965 | −65 | 165 | 7.6 |
| Burgo | 8,300 | −170 | — | — |
| Cantoni | 5,100 | −25 | — | — |
| CIGA | 1,350 | +10 | — | — |
| Cucirini | 3,700 | −61 | 225 | 6.1 |
| Dalmine | 566 | −12 | 75 | 1.3 |

### AUSTRALIA

| Oct. 28 | Aust. $ | + or − |
|---|---|---|
| ACMIL | †0.62 | ...... |
| Acrow Australia | †0.65 | ...... |
| Adelaide Brighton Cement 50c | †1.26 | ...... |
| Allied Mntg-Trdg. Indns. $1 | †1.60 | +0.04 |
| Ampol Exploration | †1.12 | −0.05 |
| Ampol Petroleum | †0.62 | −0.02 |
| Assoc. Minerals | †2.30 | −0.05 |
| Assoc. Pulp Paper $1 | †0.80 | +0.05 |
| Assoc. Con. Industries | †1.40 | ...... |
| Aust. Foundation Invest. | †0.80 | ...... |

## ...et more Colorado beetles

...ur Commodities Staff

COLORADO beetles have ...ound in a cargo of grain ...ed into England.

...as the Ministry of Agri... was issuing its Press ...on Wednesday in London ...ounce the final clearance ...infected rye seed cargo ...ed through Colchester in ...38 beetles were found, ...103 dead beetles were ...in a cargo of wheat at ...outh, Devon.

...beetles were spotted dur... ...outine check—a procedure ...often leads to the detec... Colorado beetles in grain ...getable cargoes at U.K. ...very year. As no live ...were found the cargo ...t fumigated but it was ...ed under Ministry super...

...wheat, like the rye cargo, ...ported from Holland. But ...the rye, it is not to be ...r sowing. It was the fear ...ne live beetles might have ...wn into the soil with the ...d, where they could hiber... ...emerge next year as a ...to any nearby potato ...that made last week's ...ry of Colorado beetles ...l.

## Sterling's weakness boosts commodity markets

BY RICHARD MOONEY

THE CONTINUED weakness of sterling brought further sharp rises in London's base metal and commodity markets yesterday.

Cash copper wirebars climbed £16.5 to £784.5 a tonne while cash standard tin gained £30 to £5,005 a tonne. Among the "soft" (non-metal) commodities cocoa and coffee again reached new peaks and natural rubber War peak.

March cocoa closed £47 higher on the day at £1,875.5 a tonne. January coffee was £40.5 higher at £2,183 a tonne. On the London physical rubber market the No. 1 RSS spot position ended 2p up at 61.5p a kilo.

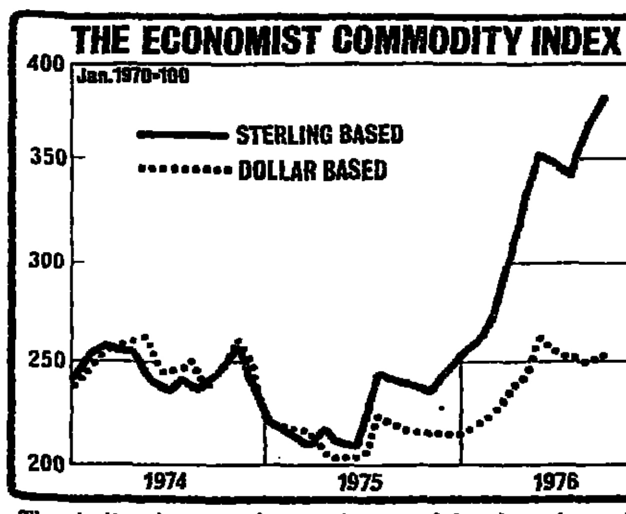
The decline in the value of the pound was by far the most important factor in the metal markets, but copper's rise was encouraged by heavy speculative buying and a firmer opening in New York.

The rise in tin was aided by a small overnight increase in the Penang price. Tin prices rose about £70 higher during the day but were trimmed as a result of profit-taking both in London and New York.

Lead and zinc prices also ended the day higher, with cash lead closing £2.5 up at £285.5 a tonne and cash zinc £3.75 up at £382.25 a tonne.

But the most dramatic increase on the London Metal Exchange was for silver. The cash quotation closing 7.1p up on the day at 271.6p an ounce. Earlier on the London bullion market spot silver had been fixed 13.85p higher at 273.05p an ounce.

Dealers said sterling was a major influence in the rise in cocoa prices but also pointed to the record levels traded in the U.S. The Gill and Duffus prediction of a 1976-77 crop shortfall also helped to push the market higher.




The decline in the value of the pound has brought a sharp rise this week in the Economist sterling index of commodity prices, calculated on October 26, to 382.0 (1970=100) while the dollar index fell slightly to 253.3 the sterling index gained nearly 10 points in the past week and is 62.6 per cent. up on last year against a 25.1 per cent. rise in dollar commodity prices. The Financial Times Commodity Index, which includes both sterling and dollar prices, has been pushed to a new all-time peak of 248.60 (1952=100).

## Dutch elm disease toll rises

By Peter Bullen

FORESTRY COMMISSION surveys have shown that Dutch elm disease has killed at least 9m. trees in Britain.

In the past year the estimate of dead and dying elms has risen from 3.6m. to 7m. Another 2m. have been felled because of the disease.

This means almost 40 per cent. of the 23m. elms in the severely affected areas of the country (south of a line from Chester to the Wash and a small part of South Wales) have been killed by the disease since it appeared in the late 1960s.

However, despite its devastating effects elsewhere, the level of the disease in parts of East Anglia is still relatively low. In Norfolk it has had virtually no impact on the elm population.

"This is undoubtedly due to the greater resistance of the smooth-leaved elms which predominate in this part of the country," the Forestry Commission said.

There has been an increase in felling of diseased trees, particularly in urban areas. This has led the Elm Marketing Group to renew its plea for even greater efforts to be made to use the timber available.

The group says those in a position to specify or use timber can make a major contribution towards clearing the countryside of dead and dying elms by considering the use of elm wherever it is likely to be suitable.

U.K. AGRICULTURE

## Fears of change in farm policy

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

MR. JOHN SILKIN'S refusal this week to countenance a modest devaluation of the "green pound" has been applauded as a defence of the consumer by some, and stridently criticised by Sir Henry Plumb, the National Farmers' Union president, as being a negation of everything the Government's agricultural policy stood for.

Mr. Silkin's stance, both with his EEC ministerial colleagues and with farmers, appears to have been the very opposite of that of his predecessor, now Lord Peart. It is so different that it could be interpreted as a change in Government policy, vis-a-vis both the EEC and British farming generally.

Lord Peart got on very well indeed with farmers, particularly latterly. It could well have been that others in Government felt that during his reign the functions of agriculture and food had been in the main dominated by the agricultural at the expense of the consumer interest.

### No secret

Lord Peart also settled down well in Brussels with his fellow ministers, none of whom had, as he had, consumer responsibilities for food. He made no secret of the fact that he was looking forward to taking the chair of the Council of Agricultural Ministers when Britain's turn came round next January.

It is also certain that just before Mr. Silkin's appointment a substantial devaluation of the "green pound" was in prospect. Only the timing was in question. In some sections of the ministry there was a marked lack of sympathy with those who wanted cheaper food. There were also indications that a common sheepmeat policy, which if fully adopted could also harm the consumer interest, might have come about without more than token opposition from the minister.

Lord Peart was said to have been shocked and disappointed at his removal at the time. There is no doubt that farmers' leaders were equally upset by the prospect of having to "re-educate," as one of them put it to me, a completely unknown quantity as Minister of Agriculture.

The change, it seems to me, is evidence not of pandering extensively to sectional interests such as the consumer, the social contract, or the anti-marketeers, but of a change of attitude in relations with the Community.

It has been realised that life in the Community is rough. That different countries have to fight for their interests just as hard as if they were not members, and that every advantage should be taken of special circumstances.

One of the Government's renegotiating points before the referendum, was that the Common Agricultural Policy should be reformed to the extent that surpluses within the Community should be available to consumers at prices they were able to pay.

By refusing to devalue the "green pound," Mr. Silkin has ensured that this advantage accrues exclusively to the British housewife. Community food exports to Britain are surplus to the exporting countries' own needs. There is certainly, in Government thinking, approval of a system which makes member countries responsibe, through the monetary compensatory amounts system for the disposal of their own surpluses.

Britain is in an extraordinarily strong position here because there is no other market for the temperate food products sent here from the Community. The "green pound" situation simply gives added advantage in negotiations.

It should also be remembered, however, that the system is not all profit. Britain already pays 16 per cent. of the Community budget, of which 70 per cent. goes to agriculture.

Farmers' leaders are becoming extremely worried on a number of counts. The most publicised reaction is the constantly reiterated call that the "green pound" must be devalued so farmers can have the benefit of the higher European prices which would result.

One of the factors which caused the majority of farmers to vote for accession to the Community was the belief, fostered by most of the propagandists, that by joining the EEC the days of the cheap food policies would be over.

The suspicion now is that after a brief period when the temporary shortages of grain and sugar were apparent, the traditional British attitude of classing food as an industrial raw material to be bought in the cheapest market has returned.

There is a fear that the sort of statements made by Mrs. Shirley Williams and Mr. Roy Hattersley about the consumer interest are simply a reflection of what will be eventual Government policy. Nor has it escaped their notice that Conservative statements on this matter have not been too reassuring for farmers.

They are worried that some of the EEC Commission's suggestions for co-responsibility for milk surpluses for instance would be applied equally here, although in British farmers' eyes all surpluses occur abroad. They are also fearful that if it came to the crunch, British farm production could be used as a pawn in the power game in which the Community works. Mr. Silkin has said or done nothing to allay their fears.

## ...nflowerseed ...rvest setback ...USSR

WASHINGTON, Oct. 28.

...ICHARD BELL, the U.S. ...nt Agriculture Secretary, ...e Soviet Union sunflower... ...rop this year would not ...h over 5.5m. tonnes.

...latest official Department ...e, made on October 5, ...ng the return of the U.S. ...ment of Agriculture sun... and vegetable oil team toured the Soviet Union ...out three weeks, was for ...of up to 6m. tonnes.

...Bell said because of ...of adverse weather in ...viet Union he now felt the ...nes figure was high and ...pected a crop of about ...tonnes compared with last ...5m. tonnes.

...hicago, meanwhile, expor... ...ported that Soviet selling ...in Europe have sent let... ...buyers postponing sun... ...eed oil shipments indefi...

Soviet agents are reported ...e advised customers in the ...not to open further let... ...f credit and not to book ...until further notice be... ...of the poor harvest and ...of the Soviet sunflower... ...rops.

## World grain surplus forecast

WASHINGTON, Oct. 28.

FOR THE first time in five years farmers around the world are expected to harvest enough rice and grain to exceed significantly exceed global food demands, the U.S. Agricultural Department said to-day, reports UPI.

The USDA's monthly global crop summary estimated the combined production of rice, wheat, maize and other grains at 1.298bn. tonnes—15.4m. (1.2 per cent.) above September's forecast and 78m. tonnes (6.4 per cent.) above last year's crop.

The harvest forecast is 3.7 per cent. above the previous record crop of 1.252bn. tonnes in 1973.

The USDA said world demand for the coming year was expected to total 1.272bn. tonnes, or 26m. less than farmers are producing. The surplus is the first major step to rebuilding world reserves since the 1971 season.

In 1975 production of 1.220bn. tonnes narrowly exceeded use of 1.217bn. tonnes. But for the past seven years combined, officials said, consumption was an average 12m. tons a year more than production. Reserves had been reduced to low levels.

The improved crop this year was attributed to generally good weather despite droughts in some regions, and to a continued increase in acreage.

World rice production this year may be down slightly from last year's record, but this will be more than offset by bumper 1976 crops of other grains, especially wheat.

Major changes in prospects since last month include a 10m. tonne increase in Soviet grain estimates and increases in wheat production and export prospects for both Canada and Australia.

Western European grain import needs have increased by 2.8m. tonnes, officials said, and falling markets have brought the price of wheat unusually close to the price of maize.

The close relationship means that wheat, normally used for human food, can be used more widely in many cases as a substitude or supplement for maize in feeding livestock.

This was significant, officials said, because although wheat supplies are "increasingly plentiful," the world supply of maize and other livestock feeds is regarded as "tight."

Meanwhile AP-Dow Jones reported from Moscow that a top Soviet Agriculture official said this year's grain crop appeared to be "the biggest in the whole history of our farming" — an even more optimistic assessment of the Soviet harvest than Communist leader Brezhnev gave earlier this year.

Grigory S. Zolotukhin the Government Minister responsible for collecting grain from Soviet farms, cited "preliminary data" for his estimate.

## India earns more from tea exports

By P. C. Mahanti

CALCUTTA, Oct. 28.

INDIAN TEA exports totalled 68.66m. kilograms in the first half of 1976-77, down by 3.72m. kilograms compared with the figure for the same period in the previous year.

There was, however, a gain of more than R20m. (£1.37m.) at R850m. (£50.3m.) because of the higher unit value realisation.

Total Indian tea output of 445m. kilograms in the first nine months of this year was 22m. kilograms ahead of the output in the first nine months of last year, according to Tea Board sources.

## Support for Wool Board

By Our Commodities Staff

REPRESENTATIVES OF Britain's 90,000 wool producers expressed their total opposition at a meeting in London yesterday to "any move within the Common Market to change the British Wool marketing system which has served producers and consumers well for the past 25 years."

At the British Wool Marketing Board's annual conference of regional committee representatives, a unanimous resolution offered maximum support to the Board—"In every effort it can make in bringing pressure to bear on the Government, the National Farmers' Union and the EEC agencies to retain the British Wool Marketing Board, as presently constituted, in the interests of producers and consumers alike."

Mr. A. D. Forbes (Nairn) said British producers had an organisation to be proud of and worth fighting to keep. Major G. C. M. Newton (Caithness) emphasised that the resolution arose from the spontaneous wish of producers to keep their Board and the guaranteed price system which was essential to maintain confidence among all sheep farmers.

## ...OMMODITY MARKET REPORTS AND PRICES

### ...SE METALS

...ER—Firmer on the London Metal ...e. Forward metal opened at ...fell to £820 on trade selling ...climbing back to £823. It traded ...nd this level for a large part of ...held up by short covering and ...speculative buying, with sterling ...ations influencing the market. ...

TIN—Erratic in active trading. The Eastern price was higher overnight and in London forward metal opened at £5,170 and in the rings traded up to £5,250 on short covering before gains were clipped by profit-taking. In the afternoon there was some U.S. profit-...

...Index 01-351 3466    March Cocoa 1,872-1,879

## ...NTRACTS AND TENDERS



### COFFEE

### SUGAR

### RUBBER

### SILVER

### COCOA

### GRAINS

### FREIGHTS

### WOOL FUTURES

### SOYABEAN MEAL

### MEAT/VEGETABLES

### JUTE

### PALM OIL

GRIMSBY FISH—Supply poor, demand good. Prices a stone at ship's side (unprocessed). Shelf cod £3.50-£4.40, codlings £2.80-£3.60, large haddock £3.80-£4.20, medium haddock £3.60-£3.90, small haddock £2.10-£2.80, large plaice £4.50, medium plaice £4.20-£4.50, best small plaice £2.70-£3.90, skinned dogfish (medium) £3.00, (large) £4.50, lemon soles £7.50, rock fish £1.60-£2.40, reds £1.60-£1.80, saithe £1.60-£2.00.

COPRA—Philippines: Nov. and Dec. $335 resellers a tonne, cif North European ports.

## U.S. imports of palm oil

WASHINGTON, Oct. 28.

U.S. IMPORTS of palm oil in September rose to 64,623,778 lbs from 55,122,110 lbs in August, but were down from the 84,240,622 lbs imported in September last year, according to Census Bureau figures released to-day.

### PRICE CHANGES

Prices per ton unless otherwise stated

| | Oct. 28 1976 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium (a) | £579 | ...... | £579 |
| Free Market (cis) | $903-92 | +40.0 | $926-950 |
| Copper | | | |
| Cash Wire Bars (w) | £784.5 | +16.5 | £843.5 |
| 3 months do. do. (w) | £824.25 | +17.75 | £876.25 |
| Cash Cathode (w) | £770 | +15.0 | £831.25 |
| 3 months do. do. (w) | £809.5 | +16.5 | £864 |
| Gold ... Troy oz. | $123 | +5.125 | $116.25 |
| Lead Cash (w) | £285.5 | +2.5 | £286 |
| 3 months (w) | £302.25 | +4.25 | £297 |
| Nickel (n) | £2,950; 3,202 | ...... | £2,785.5 |
| Free Market (cif) lb | $2.0-2.14 | ...... | $2.05-.20 |
| Platinum troy oz. | £10[illegible]-115 | ...... | £106-117 |
| Free Market | £99.05 | ...... | £97 |
| Quicksilver (76lb) | $80-85 | —5.0 | $92.98 |
| Silver Troy oz. | 273.85p | +15.85 | 261.7 |
| 3 months | 285.75p | +14.75 | 275.4 |
| Tin Cash (w) | £5,005 | +30.0 | £4,770 |
| 3 months (w) | £5,205.5 | +30.5 | £4,900.5 |
| Wolfram 22.04lb cif | £82-86 | ...... | £75-79 |
| Zinc Cash (w) | £382.25 | +3.75 | £413.25 |
| 3 months (w) | £405.25 | +4.5 | £430.25 |
| Producers | $795 | ...... | $795 |
| **Oils** | | | |
| Coconut Malayan | | ...... | |
| Groundnut | £526 | ...... | £496 |
| Linseed Crude (w) | £450 | ...... | |
| Palm Malayan (w) | $455 | +5.0 | $438 |
| Soyabean (u) | | ...... | |
| **Seeds** | | | |
| Copra Philipp (u) | $555 | +15.0 | $345 |
| Gr'nuts Nigerian | | | |
| Linseed Can. No. 1 | £216.5 | +4.0 | £205.25 |
| **Grains** | | | |
| Barley EEC | £81 | —1.0 | £83.75 |
| Home Futures | £78.15 | +0.45 | £80.85 |
| Maize | | | |
| French No.3 Am. | £83 | +0.5 | £84 |
| S.A. Yellow | | ...... | |
| Wheat | | | |
| No. 1 Red Spring | | ...... | £87.75 |
| No.2 Hard Winter | £86 | +1.1 | £85.95 |
| Australian (u.q.) | | ...... | |
| English Milling (w) | £86 | ...... | £85.5 |
| Cocoa Shipment (w) | £1,982 | +52.0 | £1,665 |
| Futures March | £1,875.5 | +47.0 | £1,652.5 |
| Coffee shipment (u) | | | |
| Futures Jan. (w) | £2,185 | +40.5 | £1,781 |
| Cotton 'A' Index cent | 87.55 | +0.10 | 84.55 |
| Jute UABWC (d) | $382 | ...... | $381 |
| Rubber kilo | 61.5p | +2.0 | 51.5p |
| Sisal EAS1 (u) | $600 | ...... | $600 |
| Sugar (Raw) | £121 | ...... | £129 |
| Wooltops 64s kilo | 324p | —4.0 | 294p |
| Cloves (Malagasy) | | ...... | £3,250 |
| Pepper White ton | £1,600 | ...... | £1,275 |
| Black ton | £1,290 | ...... | £1,075 |

* Nominal. † Seller. ‡ Unquoted. § Unofficial close. ♣ Indicative price. a Seller's quotation. b U.K. and Commonwealth refined. c Uganda Robusta standard quality. d Bangladesh white "C" ... h Jan.-March. k Oct.-Dec. r Sept. u Metric tons.

**FINANCIAL TIMES**

| Oct. 27 | Oct. 26 | Month ago | Year ago |
|---|---|---|---|
| 248.60 | 244.91 | 238.06 | 171.91 |

(Base: July 1, 1952=100)

**REUTER'S**

| Oct. 28 | Oct. 27 | Month ago | Year ago |
|---|---|---|---|
| 1561.0 | 1545.5 | 1498.5 | 1147.2 |

(Base: September 18, 1931=100)

**DOW JONES**

| Dow Jones | Oct. 27 | Oct. 26 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 348.60 | 347.26 | 340.39 | 300.07 |
| Futures | 347.68 | 345.78 | 340.39 | 281.59 |

(Average 1924-25-26=100)

**MOODY'S**

| Moody's | Oct. 27 | Oct. 26 | Month ago | Year ago |
|---|---|---|---|---|
| Sple Commty | 800.6 | 801.8 | 814.9 | 768.3 |

(December 31 1931=100)

COTTON—Liverpool. Spot and shipment sales amounted to 483 tons, bringing the total for the week so far to 1,592 tons, reports F. W. Tattersall. Renewed interest was shown in American types with purchases in Russian, Turkish and U.S. staple. Spinners were again building up stocks despite adverse circumstances.

U.S. Markets

## Coffee and gold lead sharp rally

NEW YORK, Oct. 27.

GOLD RALLIED on speculative buying following unconfirmed reports that the IMF may cancel future auctions. Silver then copper followed gold leading to Commission House stop loss purchases. Soyabeans rallied on rumours of the cancellation by Russia of a sale of 100,000 tons of sunflower seed oil. Cotton rallied in sympathy with soyabeans. Coffee finished limit-up bid on good physical business, Bache comments.

Cocoa—Ghana spot 143 (141). Bahia spot 139½ (136½). Dec. 126.60 (126.55), March 122.90 (121.00), May 118.25, July 113.75, Sept. 109.15 nom., Dec. 99.30, March 92.20 nom. Sales: 1,279 lots.

Coffee—"C" Contract: Dec. 178.00 (168.00), March 161.17 bid (160.17), May 161.50 bid, July 161.10 bid, Sept. 160.20 bid, Dec. 155.50 bid, March nil. Sales: 562 lots.

Copper—Oct. 57.00 (55.50), Dec. 57.40 (55.70), Jan. 57.50, March 58.60, May 59.50, July 60.50, Sept. 61.20 settlements. Sales: 6,222 lots.

Cotton—Dec. 83.05-83.28 (82.22), March 83.90-84.00 (83.20), May 84.30, July 82.50-82.60, Oct. 73.00, Dec. 68.50, March 68.00-68.75 Sales: 3,550.

ϕGold—Nov. 119.70 (115.50), Dec. 120.00 (115.40), Feb 120.40, April 120.90, June 121.50, August 122.30, Oct. 122.10, Dec. 122.10, Feb 124.80 settlements Sales: 1,422 lots.

Greasewool—Spot 180.0 nom. (same), Dec. 177.3-178.40 (same), March 177.5-186.0 asked (same), May unquoted.

†Lard—Chicago loose 18.50 (18.25 asked), NY prime steam 20.00 traded (19.75 nom.).

††Maize—Dec. 258½-258 (261-261½), March 266½-267 (270), May 272½-272¼, July 276-277, Sept. 273.

‡Platinum—Jan. 159.20 (156.10), April 161.70 (158.50), July 164.50, Oct. 165.80, Jan. 169.40. Sales: 512 lots.

‡‡Silver—Spot 410.10 (415.60). Nov. 428.00 (416.10), Dec. 429.00 (417.10), Jan. 430.20, March 433.60, May 437.50, July 441.30, Sept. 445.80, Dec. 453.00, Jan. 455.60 settlements. Sales: 22,500 lots.

*Soyabeans—Nov. 669-673 (654), Jan. 680-682 (663), March 689-687, May 685-680, July 685, August 674-677, Sept. 637, Nov. ...

... (155.50), Jan. 190.00-159.00 (157.70), March 191.50-191.00, May 192.00-191.50, July 191.00-190.50, August 190.00, Sept. 178.00, Oct. 170.50, Dec. 169.50-170.00.

Soyabean Oil—Dec. 22.40-22.45 (21.53), Jan. 22.55-22.45 (21.70), March 22.50-22.75, May 22.95-22.55, July 22.85, August 22.90, Sept. 22.70-22.50 Oct. 22.60, Dec. 22.50.

Sugar—No. 11: Spot 7.65 (7.60), Jan. 7.77 nom. (7.65), March 8.30-8.46 (8.37-8.45), May 8.71-8.67, July 8.85-8.86 Sept. 8.90, Oct. 8.95-8.98, Jan Unquoted. March 9.40-9.55. Sales. 3,540.

Tin—359.00-364.00 asked (360.50 asked).

**Wheat—Dec. 273½-275 (278½-276), March 286½-286 (290-290½), May 292½, July 296½-296.

WINNIPEG, Oct. 27. ††Rye—Oct 233½ bid (234 bid), Nov. 234 bid (235½ asked), Dec. 256, May 98.30 asked, July 101 asked.

††Oats—Oct. 122½ bid (125½), Dec. 121½ bid (121½), May 81.00 bid, July 83½.

§Barley—197½ bid (200½), Dec. 193 (195½), May 91.50 asked, July 92.00 asked.

∂Flaxseed—Oct. 696 bid (697½), Nov. 699½ (697), Dec. 706 bid, May 286.50 bid, July 290 nom.

Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 356 (357½).

All cents per pound ex-warehouse unless otherwise stated. * Cents per 60-lb bushel ex-warehouse. ϕ $'s per troy ounce—100-ounce lots. †Chicago loose $'s per 100 lbs —Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡ Cents per troy ounce ex-warehouse. ∥ New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ‡‡ $'s per troy ounce for 50-ounce units of 99.5 per cent. purity delivered NY. ** Cents per 60-lb bushel in store. †† Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. § Cents per 24-lb bushel. ∂ Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel, ex-warehouse, 1,000-bushel lots.

# STOCK EXCHANGE REPORT

# Equities manage modest technical rally in thin trading

## Gilt-edged also a shade harder—Strength in Gold shares

**Account Dealing Dates**

| Option *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Nov. 1 | Nov. 11 | Nov. 12 | Nov. 23 |
| Oct. 18 | Oct. 28 | Oct. 29 | Nov. 9 |
| Nov. 15 | Nov. 25 | Nov. 26 | Dec. 7 |

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

In extremely thin trading, leading equity shares yesterday made their first advance of any consequence for eight business days. Having dropped over 38 points in the previous seven sessions, the FT Industrial Ordinary share index picked up 5.2 to close at 270.5. Genuine buyers were scarce, the improvement in prices largely reflecting bear closing ahead of to-day's end of the Account. Yesterday's rally got off to a shaky start as measured by the index which was 0.1 off at noon; gains of a couple of points over each of the three subsequent hours left it 6.1 better at 3 p.m. and lack of follow-through support clipped this back slightly.

The mixed nature of the day's price changes in equities overall was illustrated by the 11:10 ratio of falls to rises in FT-quoted issues. Official markings were 5,000 against Wednesday's 4,818.

The FT-Actuaries three main indicies improved marginally, the All-Share hardening 0.3 per cent. to 116.67, but, partly reflecting Wednesday's late weakness, the Discount House sector mirrored the recent difficult conditions in money markets and dropped 7.9 per cent. to a 1976 low of 97.72. This helped to bring the Financial Group as a whole back 0.3 per cent. more to 87.19, also a 1976 low. Despite sterling's renewed weakness, Gilt-edged, which were sensitive to reports of further advice to the Government on the policies to adopt to cure our economic ills, finally showed net gains to ¼ which took the Government Securities index off its 21-month low by 0.15 to 56.03.

South African Golds made progress for the fourth successive day, yesterday's jump of $5⅛ to $123 an ounce in the bullion price spurring a rise in the Gold Mines share index of 12.4 to 122.7 for a gain of nearly 36 per cent. on the August 25 low for the year.

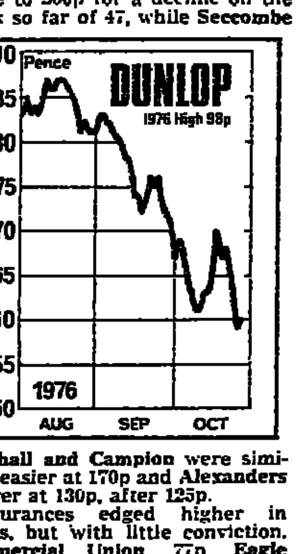
### Gilts steadier

The performance of British Funds was quite impressive. Quotations opened at the previous night's lower levels and, despite sterling's fresh troubles, recovered as fears began to recede of a fresh hike in Minimum Lending Rate to-day. The market was still sensitive, of course, but a mid-day reaction proved to be short-lived and the short "tap," Treasury 11½ per cent., 1979, "A," closed ⅜ higher on the day at 92⅝, after 92¼, while most longs and several mediums were finally ¼ harder, after having opened ¼ down in the case of high-coupon issues. The cut in a U.S. Prime rate to 6½ per cent. made little impact.

Activity broadened in the investment currency market and, because of the continued weakness in sterling, the premium went higher still to 134¼ per cent. for a fresh gain of 4½ points on the day. Yesterday's SE conversion factor was 0.7100 (0.7201).

### Home Banks better

Home Banks gave an improved performance yesterday, helped by technical influences and renewed talk that the big clearers might soon increase their base lending rates to 14½ per cent. or more. Lloyds improved 5 at 160p and National Westminster hardened 4 to 172p, while Barclays and Midland were both 2 higher at 192p and 202p respectively. Overseas issues reflected the firm dollar premium; Hongkong and Shanghai rose 10 at 320p. Apart from King and Shaxson, which improved 2 to 30p, Discounts remained friendless with sentiment still affected by the current dear money conditions and fears that interest rates might rise further; Union fell 10 more to 200p for a decline on the week so far of 47, while Seccombe




Marshall and Campion were similarly easier at 170p and Alexanders 5 lower at 130p, after 125p.

Insurances edged higher in places, but with little conviction. Commercial Union, 77p, Eagle Star, 76p, and "Royals" 210p, all improved 2. Sun Alliance, however, receded 3 more to 290p and losses of 4 were seen in Equity and Law, 76p, London and Manchester, 68p, and Pearl, 134p.

Breweries edged forward in places on very little business. Bid hopes continued to spur Tollemache and Cobbold, 135p, and Burtonwood, 76p, up 5 and 4 respectively, while Border (Wrexham) hardened 2 to 44p on the interim results. Distillery issues also fared better with Distillers a penny dearer at 96½p.

Movements of note were few and far between in Buildings. Walter Lawrence moved up 4 to 56p in response to the substantially improved earnings, while London Brick hardened a penny to 30p on the interim dividend announcement. BPB Industries contrasted with a fall of 3 to 86p on further consideration of the interim report. Benfield and Loxley, currently involved in bid talks, shed 2 to 20p, while other dull spots included International Paint, 10 cheaper at 240p.

ICI were finally 6 higher at 262p, after 264p, in Chemicals.

### Mothercare rise

Stores edged higher in slack trading. Mothercare rose 6 to 146p, while Marks and Spencer, 73p, and Combined English Stores, 39p, put on 3 apiece. Gussies "A" finished a penny better at 126p despite news that an experimental agreement with Daimaru, Japan's second largest department stores chain, had been terminated. Bolton Textile held at 8p despite the sharply reduced profits and dividend omission. Freemans (London) continued a dull market in Mail Orders, losing 3 more to 104p.

The electrical leaders made modest headway. BICC at 72p, recouped £2 of the previous day's loss of 5, while GEC and EMI closed 3 harder at 115p and 178p respectively. Elsewhere, Ever Ready eased 3 to 85p and Pifco 'A' declined 5 to 37p. British Electronic, however, hardened 2 to 12p on further consideration of the results, while Highland Electronics finished fractionally better at 51p on the increased earnings.

Hawker enjoyed the largest recovery in Engineerings, closing 10 higher at 358p, after 348p, while Tube Investments rallied 6 to 244p and GKN 5 to 208p. Babcock and Wilcox also staged a small gain of 2 at 52p and Head Wrightson moved up 3½ to 31½p, but Turriff fell 5 to 43p and Pegler-Hattersley gave up 4 more at 110p. Fears that the CompAir offer would fall through took a further 8 off Desoutter Brothers, 120p, after 118p; CompAir lost 3 more to 42p. The forecast of substantially higher interim profits failed to sustain Startrite, down 4 at 32p, and McKechnie Brothers eased 1 to 48p, despite the good results. Similarly, Green's Economisers shed 1 to 51p after satisfactory first-half figures.

Fears about the effects of high interest rates on the company's large borrowings brought fresh selling pressure to bear on J. Lyons which reacted to a 1976 low of 28p before closing 2 cheaper on balance at 31p. United Biscuit, 90p, and Alpine Soft Drinks, 55p, lost 4 and 5 respectively. Tate and Lyle contrasted with a rise of 3 to 195p, while the company's offer terms for Manbre and Garton's 7½ per cent. Convertible Unsecured loan stock 1993/8 put the stock four points higher at £141. Awaiting fresh developments in the bid situation, Midland Cattle Products edged up 5 to 165p; Thomas Borthwick, the bidders, finished a penny harder at 57p. In Supermarkets, William Morrison declined 6 to 65p. Hotels and Caterers had Trust House Forte 1½ firmer at 77½p following news of the early repayment of a Swiss loan, while Myddleton, at 55p, regained 5 of the previous day's loss of 10.

### Wood Hall good

A technical rally left miscellaneous Industrial leaders with gains to 10, with closing prices slightly below the day's best in places. Bowater, 180p, and Reed International, 164p, both particularly depressed of late on fears of cost increases, regained 8 apiece: the latter, with interim results are expected next Tuesday, were possibly helped by the proposed development of a large timber tract in Canada. Glaxo ended 10 better at 308p, after 310p, while Beecham regained 7 to 276p, and Unilever 8 to 354p. Wood Hall Trust, up 5 at 67p, were good late on the much better-than-expected profits. Wm. Press, 2½ higher at 19p, also responded to a good trading statement, but lower interim profits left Photax (London) 3 down at 23p, while little-changed interim figures clipped 2 from Ferro Metal at 38p. Brook St. Bureau rallied 3 to 29p, Gross Cash 4 to 15p and LRC 2½ to 38½p, but falls of between 3½ and 5 were sustained by National Carbonising, 17½p, Hoover "A," 170p, M.K. Refrigeration, 48p, and Gestetner "A," 116p. Strength of the dollar premium helped Broken Hill Proprietary up 25 at 760p, Barlow Rand 11 better at 173p, and Jardine Matheson 9 up at 306p.

Motors and Distributors were featured by strength in Dunlop; already higher at 62½p in front of the interim report, the shares hardened further to 63p on the better-than-expected first-half profits before closing 3 up on the day at 60p. Lucas Industries were another erratic market, moving between extremes of 134½p and 141½p before finishing a net 3 higher at 141p.

The more stable general market conditions motivated some North Sea enthusiasm for Thomson, which rose 6 to 302p, and Associated, 2 better at 94p. BPM "A," reflecting the second-half recovery hardened 1 to 22p. Paper/Printings turned irregular with DRG rallying 3 to 76p, but McCorquodale losing 6 to 123p and Inveresk shedding 1½ to 36p. Jefferson Smurfit, which is bidding for the outstanding shares of Time Industries, eased 1 to 95p.

### English Prop. rally

Relief more than satisfaction with the interim results activated a brisk demand, which included bear-covering, for English Property, up 4 at 23½p, after 25p. Steadier conditions also returned to remaining Properties and Land Securities rallied 3 to 95p, while MEPC picked up 2 to 27p and British Land 1½ to 13p. Hammerson "A" recovered 10 to 205p, Property Holding 7 at 152p and Warnford 5 at 130p. Still benefiting from the higher dividend and profits, United Real rose to 138p before closing a net 4 dearer at 136p.

London buyers anticipating further late U.S. demand for British Petroleum forced the price up to 663p, but when transatlantic sources appeared none too keen to pay the higher levels a reaction followed to 655p for a net gain of 7. Shell, partly reflecting the strength of Royal Dutch, up a point at £41, closed 8 to the good at 362p, after 364p, while Century Oils jumped 23 to 52p following the cash offer of 50p from BP; the former's Preference, which will also be bid for, moved up 2½ to the basis of 42½p. Elsewhere, investment currency influences took Woodside-Burmah up 10 to 130p.

James Finlay featured Overseas Traders with a rise of 8 to 132p on news that John Swires has purchased Slater Walker Securities' 29.5 per cent. holding in Finlay at 150p a share; the purchase is for investment purposes, and Swires states it has no intention of acquiring further stock or making a general offer. Lonrho rallied 2 to 49p following news of the successful rights subscription. Harrisons and Crosfield, at 387p, clawed back 12 of Wednesday's loss of 37. Inchcape were a dull spot at 363p, down 7.

Modest support was seen for Shippings which closed firmer for choice. Sheaf Steam stood out at 82p, up 10, as buyers obtained stock for the new Account in the hope that Ben Line Steamers may son come in with a firm offer. P & O Deferred hardened 2 to 96p.

Investment Trusts managed to close with a firmer bias although the volume of business left much to be desired. Dollar premium influences continued to help Robeco sub-shares, 618p, and Rolinco sub-shares, 472p, which improved 16 and 10 respectively. Jardine Securities put on 6 to 119p and Cumulus edged forward 2 to 13p.

Technical influences helped Courtaulds pick up 3 to 76p, after 77p in Textiles. David Dixon, at 36p, gave up 2 of the previous day's gain of 7, while Carpets International and Leeds and District Dyers were similarly cheaper at 51p and 33p respectively. Scott and Robertson eased a penny to 15p on the interim figures.

Tobaccos became a steadier market. BATs and the Deferred retrieved 2 to 228p and 185p respectively, while Imps ended 1½ dearer at 52p.

South African Industrials closed with widespread gains in response to investment premium and gold influences. Anglo-American put on 30 to 500p, while O.K. Bazaars, 400p, and Tiger Oats, 455p, gained 10 and 25 respectively, and S.A. Breweries moved up 4 to 58p.

### Mining features

Mining share markets provided a host of features, with the main attention focused on South African Gold shares. The $5.125 rise in the bullion price to $123 per ounce, its highest closing level since July 9, reflected general satisfaction with the outcome of the fourth International Monetary Fund gold auction and prompted a substantial flurry of activity in shares at the outset of business.

Sentiment was also helped the considerable rises registe by Golds in overnight U.S. m kets coupled with the impro ment in the arbitrage rate the investment currency premi There was a modest reaction late dealings owing to pro taking and an easier opening U.S. markets, but the Gold Mi index was still 12.4 up at 122. its highest level since July 2

In the heavyweight issu Randfontein were outstandi rising £2 to a year's high of £ while others to improve arou a point included Vaal Reefs, £1 West Dries., £16¾ and Westc Holdings, £13¾.

Financials mirrored Golds, w the London-based stocks additi ally helped by the better tc of U.K. Industrials. Gold Fie gained 10 to 127p, while RTZ a Charter were both 8 higher 141p and 109p respective Among the overseas-based issu Anglo American jumped 25 345p and De Beers put on 10 205p. Coppers and Platinu were generally a few pen harder.

The strength of the metal pri prompted further gains in Ti Ayer Hitam were 14 up at 33 after a year's high of 340p, a Saint Piran gained 4 to 37p.

Relief over the qualified g ahead for Australian uraniu mining given in the Fox repo coupled with the better trend overnight home markets le Pancontinental £1¾ to the go at £10¼ and Peko-Wallsend 60 at 530p. Other Uraniums improve included Western Mi ing, 18 up at 180p and Oce Resources, 6 higher at 36p.

Elsewhere, talk of a find their Irish exploration activiti resulted in Barymin jumping to 57p.

## FINANCIAL TIMES STOCK INDICES

| | Oct. 28 | Oct. 27 | Oct. 26 | Oct. 25 | Oct. 22 | Oct. 21 | A Year ago |
|---|---|---|---|---|---|---|---|
| Government Secs | 56.03 | 55.88 | 56.51 | 56.64 | 57.09 | 57.08 | [illegible] |
| Fixed Interest | 55.37 | 55.50 | 55.82 | 56.96 | 56.54 | 56.54 | [illegible] |
| Industrial Ordinary | 270.5 | 265.3 | 273.3 | 279.9 | 289.7 | 295.6 | [illegible] |
| Gold Mines | 122.7 | 110.3 | 108.1 | 106.7 | 105.7 | 107.9 | [illegible] |
| Ord. Div. Yield | 8.16 | 8.34 | 8.11 | 7.92 | 7.69 | 7.54 | [illegible] |
| Earnings Y'ld % (full) | 25.24 | 25.80 | 25.07 | 24.51 | 23.77 | 23.32 | [illegible] |
| P/E Ratio (net) (b) | 5.82 | 5.70 | 5.86 | 6.00 | 6.18 | 6.30 | [illegible] |
| Dealings marked | 5,000 | 4,818 | 4,990 | 4,608 | 3,695 | 4,188 | [illegible] |
| Equity turnover £m | — | 49.78 | 56.14 | 42.71 | 40.20 | 34.06 | [illegible] |
| Equity bargains total | — | 11,421 | 12,293 | 9,940 | 8,180 | 8,286 | [illegible] |

10 a.m. 264.5 11 a.m. 265.8 Noon 263.2 1 p.m. 267.6 2 p.m. 268.5 3 p.m. 271.4

Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=5.79.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

### HIGHS AND LOWS

| | 1976 High | 1976 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|
| Govt. Secs | 65.21 (30/1) | 55.88 (27/10) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 64.43 (2/2) | 55.37 (28/10) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 420.8 (4/5) | 265.3 (27/10) | 543.6 (13/9/72) | 49.4 (26/6/40) |
| Gold Mines | 246.9 (2/1) | 78.8 (25/8) | 442.3 (22/5/75) | 43.5 (28/10/71) |

### S.E. ACTIVITY

| | Oct. 28 | Oct. 27 |
|---|---|---|
| Daily— | | |
| Gilt-Edged | 179.1 | 171.[illegible] |
| Industrials | 153.6 | 155.[illegible] |
| Speculative | 55.6 | 38.[illegible] |
| Totals | 113.8 | 109.[illegible] |
| 5-day Av'r'ge. | | |
| Gilt-Edged | 175.6 | 179.[illegible] |
| Industrials | 144.2 | 137.[illegible] |
| Speculative | 40.0 | 35.[illegible] |
| Totals | 105.8 | 101.[illegible] |

## F.T.—ACTUARIES SHARE INDICES

**These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries**

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section.

| | EQUITY GROUPS / GROUPS & SUB-SECTIONS | Thursday, October 28, 1976: Index No. | Day's Change % | Est. Earnings Yield % (Max.) (Corp. Tax 52%) | Gross Div. Yield % (ACT at 35%) | Est. P/E Ratio (net) (Corp. Tax 52%) | Est. P/E Ratio (nil) (Corp. Tax 52%) | Wed. Oct. 27 Index No. | Tues. Oct. 26 Index No. | Monday Oct. 25 Index No. | Friday Oct. 22 Index No. | Year ago (approx.) Index No. | 1976 High | 1976 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (178) | 100.85 | — | 26.33 | 9.24 | 5.62 | 5.64 | 100.87 | 102.60 | 105.68 | 109.13 | 130.23 | 160.06 (21/4) | 100.85 (28/10) | 206.37 (4/5/72) | 50.71 (13/12/74) |
| 2 | Building Materials (30) | 85.53 | — | 26.49 | 11.20 | 5.69 | 5.68 | 85.55 | 86.80 | 90.25 | 94.06 | 127.01 | 150.18 (15/1) | 85.53 (27/10) | 233.84 (2/5/72) | 44.27 (11/12/74) |
| 3 | Contracting, Construction (22) | 122.99 | -0.8 | 33.87 | 8.86 | 4.54 | 4.54 | 122.08 | 124.64 | 135.49 | 136.18 | 239.45 | [illegible] (5/1) | 122.08 (27/10) | 389.35 (19/5/72) | 71.48 (2/12/74) |
| 4 | Electricals (16) | 192.76 | -1.2 | 23.03 | 6.89 | 6.30 | 6.48 | 190.54 | 194.30 | 198.67 | 207.64 | 229.03 | 287.30 (21/4) | 190.54 (27/10) | 350.04 (4/5/72) | 84.71 (25/6/62) |
| 5 | Engineering (Heavy) (13) | 124.07 | +0.4 | 37.12 | 10.03 | 3.94 | 3.89 | 123.56 | 125.46 | 126.26 | 131.77 | 151.31 | 193.18 (3/5) | 123.56 (27/10) | 202.57 (6/6/75) | 64.39 (2/1/75) |
| 6 | Engineering (General) (64) | 95.20 | -0.8 | 26.77 | 9.67 | 5.50 | 5.49 | 95.99 | 97.43 | 99.67 | 102.13 | 111.43 | 149.29 (5/5) | 95.20 (28/10) | 168.59 (4/5/72) | 45.43 (6/1/75) |
| 7 | Machine and Other Tools (9) | 45.66 | -1.3 | 19.72 | 9.73 | 7.24 | 7.22 | 46.25 | 46.36 | 47.03 | 47.93 | 43.57 | 60.62 (3/5) | 45.29 (11/10) | 136.70 (4/7/66) | 19.96 (13/12/74) |
| 8 | Miscellaneous (24) | 90.23 | -1.1 | 23.76 | 9.94 | 6.21 | 6.14 | 91.27 | 93.30 | 95.70 | 98.50 | 109.85 | 141.94 (11/5) | 90.23 (28/10) | 177.41 (27/4/72) | 49.65 (6/1/75) |
| 9 | CONSUMER GOODS (DURABLE) (53) | 83.12 | -0.7 | 28.21 | 8.45 | 5.31 | 5.30 | 83.71 | 84.58 | 87.53 | 90.56 | 105.30 | 141.46 (21/4) | 83.12 (28/10) | 227.78 (21/4/72) | 38.39 (6/1/75) |
| 10 | Lt. Electronics, Radio TV (15) | 87.51 | — | 28.21 | 6.68 | 5.23 | 5.22 | 87.51 | 89.02 | 92.21 | 95.74 | 123.34 | 160.35 (7/4) | 87.51 (27/10) | 257.41 (19/5/72) | 42.85 (13/12/74) |
| 11 | Household Goods (13) | 104.30 | -2.1 | 28.24 | 11.49 | 5.40 | 5.38 | 106.59 | 108.23 | 110.58 | 113.28 | 154.82 | 187.22 (7/4) | 104.30 (28/10) | 263.22 (4/5/72) | 63.92 (17/12/74) |
| 12 | Motors and Distributors (25) | 56.10 | -1.2 | 28.20 | 9.77 | 5.39 | 5.39 | 56.75 | 56.74 | 58.88 | 60.84 | 57.37 | 85.16 (5/5) | 56.10 (28/10) | 170.59 (15/1/69) | 19.91 (6/1/75) |
| 13 | CONSUMER GOODS (NON-DURABLE) (170) | 104.60 | -0.2 | 21.46 | 9.27 | 7.05 | 6.98 | 104.41 | 105.85 | 109.44 | 112.86 | 142.63 | 162.24 (4/2) | 104.41 (27/10) | 226.08 (16/8/72) | 61.41 (13/12/74) |
| 14 | Breweries (15) | 111.34 | -0.2 | 21.26 | 10.24 | 7.04 | 7.04 | 111.17 | 115.68 | 120.19 | 121.15 | 163.89 | 179.43 (2/2) | 111.17 (27/10) | 281.87 (28/11/72) | 69.47 (13/12/74) |
| 15 | Wines and Spirits (7) | 124.71 | -0.5 | 18.97 | 8.79 | 8.10 | 8.10 | 125.29 | 127.93 | 133.21 | 135.14 | 144.70 | 190.67 (5/5) | 124.71 (28/10) | 257.40 (13/7/72) | 78.88 (13/12/74) |
| 16 | Entertainment, Catering (14) | 127.22 | -0.9 | 20.93 | 10.54 | 7.39 | 7.32 | 128.43 | 127.11 | 130.15 | 133.75 | 167.31 | 211.26 (5/5) | 127.11 (26/10) | 329.99 (12/12/72) | 54.83 (9/1/75) |
| 17 | Food Manufacturing (23) | 121.44 | -0.7 | 23.33 | 7.53 | 6.51 | 6.47 | 120.54 | 122.00 | 125.36 | 129.01 | 154.69 | 179.44 (11/5) | 120.54 (27/10) | 211.65 (1/5/72) | 59.67 (11/12/74) |
| 18 | Food Retailing (16) | 92.79 | -0.5 | 20.10 | 8.43 | 7.28 | 7.28 | 93.25 | 94.43 | 96.54 | 99.98 | 146.87 | 150.05 (12/1) | 93.79 (22/10) | 235.08 (16/8/72) | 54.25 (11/12/74) |
| 19 | Newspapers, Publishing (16) | 161.74 | +0.5 | 15.48 | 6.58 | 9.78 | 9.78 | 160.90 | 161.75 | 163.64 | 167.00 | 141.38 | 184.46 (11/3) | 148.46 (12/10) | 260.29 (18/1/73) | 55.08 (6/1/75) |
| 20 | Packaging and Paper (12) | 72.74 | -0.5 | 21.13 | 10.85 | 7.27 | 7.27 | 72.34 | 73.84 | 76.83 | 78.79 | 94.21 | 112.50 (26/2) | 72.34 (27/10) | 135.69 (25/4/72) | 43.46 (6/1/75) |
| 21 | Stores (34) | 79.46 | -1.2 | 19.32 | 8.95 | 7.97 | 7.95 | 78.55 | 78.47 | 81.50 | 84.57 | 122.62 | 136.24 (2/2) | 78.47 (26/10) | 204.39 (16/8/72) | 52.63 (6/1/75) |
| 22 | Textiles (24) | 97.81 | +1.1 | 19.21 | 11.93 | 7.89 | 7.02 | 96.76 | 99.12 | 102.95 | 109.95 | 151.54 | 183.24 (30/1) | 96.76 (27/10) | 235.72 (17/1/69) | 62.66 (11/12/74) |
| 23 | Tobaccos (3) | 167.36 | -1.5 | 26.18 | 10.32 | 5.68 | 5.68 | 169.83 | 173.90 | 180.90 | 187.92 | 199.60 | 241.98 (3/5) | 167.36 (28/10) | 339.16 (2/8/72) | 94.34 (13/6/62) |
| 24 | Toys and Games (6) | 60.95 | -0.9 | 27.16 | 10.40 | 4.94 | 4.92 | 61.50 | 61.56 | 62.28 | 64.16 | 61.23 | 80.95 (16/7) | 59.13 (22/1) | 135.72 (16/1/70) | 20.92 (6/1/75) |
| | OTHER GROUPS (95) | | | | | | | | | | | | | | | |
| 25 | Chemicals (26) | 156.91 | -1.2 | 20.17 | 7.54 | 6.78 | 6.78 | 155.10 | 155.43 | 159.21 | 165.53 | 179.74 | 231.38 (5/5) | 155.10 (27/10) | 231.38 (5/5/76) | 71.20 (1/12/74) |
| 26 | Office Equipment (9) | 58.33 | -0.3 | 20.62 | 9.03 | 7.08 | 7.08 | 58.51 | 59.47 | 61.67 | 65.49 | 85.77 | 100.18 (19/3) | 58.33 (28/10) | 248.06 (1/9/72) | 45.34 (2/1/75) |
| 27 | Shipping (12) | 311.64 | -0.7 | 16.31 | 8.46 | 8.75 | 7.93 | 309.53 | 308.48 | 312.29 | 318.94 | 378.21 | 432.64 (23/1) | 308.48 (26/10) | 517.00 (5/12/72) | 90.80 (29/6/62) |
| 28 | Miscellaneous (45) | 108.14 | — | 21.48 | 10.87 | 7.00 | 6.99 | 108.14 | 110.77 | 113.47 | 117.05 | 149.77 | 172.98 (21/4) | 108.14 (27/10) | 258.83 (2/5/72) | 60.39 (6/1/75) |
| 29 | INDUSTRIAL GROUP (496) | 107.56 | -0.2 | 22.61 | 9.01 | 6.53 | 6.50 | 107.32 | 108.71 | 112.01 | 115.73 | 140.73 | 165.38 (5/5) | 107.32 (27/10) | 220.17 (1/5/72) | 59.01 (13/12/74) |
| 30 | OILS (4) | 345.59 | -1.6 | 12.32 | 5.07 | 9.40 | 8.65 | 340.19 | 340.38 | 338.31 | 343.52 | 324.77 | 395.84 (20/5) | 315.87 (11/10) | 431.66 (29/5/69) | 87.23 (29/5/62) |
| 31 | 500 SHARE INDEX | 126.42 | -0.5 | 20.52 | 8.21 | 6.96 | 6.85 | 125.80 | 127.11 | 130.05 | 133.94 | 155.98 | 163.00 (5/5) | 125.80 (27/10) | 227.95 (16/8/72) | 63.49 (13/12/74) |
| 32 | FINANCIAL GROUP (100) | 87.19 | -0.3 | — | 9.00 | — | — | 87.42 | 89.73 | 90.95 | 94.51 | 134.80 | 153.46 (30/1) | 87.19 (28/10) | 241.41 (11/4/72) | 55.88 (13/12/74) |
| 33 | Banks (6) | 112.74 | -1.3 | 29.96 | 8.15 | 5.13 | 5.13 | 111.33 | 114.06 | 115.43 | 121.11 | 162.38 | 192.16 (29/1) | 111.33 (27/10) | 288.32 (20/7/72) | 62.44 (12/12/74) |
| 34 | Discount Houses (10) | 97.72 | -7.9 | — | 14.26 | — | — | 106.05 | 110.22 | 116.31 | 116.31 | 156.48 | 186.52 (13/1) | 97.72 (28/10) | 293.13 (2/6/72) | 81.40 (10/12/74) |
| 35 | Hire Purchase (5) | 53.65 | +0.6 | 13.51 | 12.24 | 16.47 | 16.47 | 53.25 | 54.57 | 57.98 | 59.32 | 99.72 | 132.10 (26/2) | 53.25 (27/10) | 433.74 (4/5/72) | 38.83 (11/12/74) |
| 36 | Insurance (Life) (10) | 73.11 | -1.5 | — | 10.35 | — | — | 74.20 | 76.40 | 77.31 | 80.04 | 118.37 | 129.46 (20/1) | 73.11 (28/10) | 194.46 (15/4/72) | 44.88 (2/1/75) |
| 37 | Insurance (Composite) (7) | 68.99 | -1.4 | — | 10.71 | — | — | 69.99 | 72.40 | 72.68 | 75.13 | 112.08 | 119.75 (30/1) | 68.99 (28/10) | 153.76 (21/4/72) | 43.96 (13/12/74) |
| 38 | Insurance Brokers (8) | 178.27 | — | 16.48 | 7.82 | 9.07 | 9.07 | 178.27 | 178.79 | 181.00 | 186.30 | 225.27 | 276.90 (11/5) | 178.27 (27/10) | 276.90 (11/5/76) | 65.86 (16/12/74) |
| 39 | Merchant Banks (15) | 45.15 | -1.0 | — | 9.22 | — | — | 45.61 | 46.01 | 46.42 | 47.83 | 83.25 | 93.83 (27/1) | 45.15 (28/10) | 278.57 (1/5/72) | 31.21 (7/1/75) |
| 40 | Property (32) | 96.40 | -3.5 | 6.34 | 5.69 | 28.58 | 26.95 | 95.95 | 99.05 | 102.05 | 106.88 | 156.16 | 194.57 (30/1) | 95.95 (28/10) | 357.40 (9/11/73) | 56.01 (20/4/65) |
| 41 | Miscellaneous (6) | 55.37 | -2.1 | 24.75 | 15.03 | 6.09 | 6.09 | 56.55 | 56.92 | 56.96 | 57.55 | 74.35 | 91.98 (3/2) | 55.37 (28/10) | 303.18 (18/5/72) | 33.29 (17/12/74) |
| 42 | Investment Trusts (50) | 115.09 | -0.3 | 4.65 | 6.64 | 22.22 | 22.22 | 115.48 | 115.74 | 116.95 | 119.40 | 164.08 | 164.55 (30/1) | 115.09 (28/10) | 249.79 (28/4/72) | 71.60 (13/12/74) |
| 43 | ALL-SHARE INDEX (650) | 116.67 | -0.3 | — | 8.26 | — | — | 116.29 | 117.75 | 120.22 | 123.93 | 150.95 | 172.64 (30/1) | 116.29 (27/10) | 228.18 (1/5/72) | 61.92 (13/12/74) |
| | COMMODITY GROUPS (Not included in 500 or All-Share indices) | | | | | | | | | | | | | | | |
| 44 | Rubbers (9) | 511.80 | -1.5 | 9.20 | 5.50 | 15.79 | 14.63 | 505.24 | 498.90 | 491.50 | 493.82 | 379.42 | 523.40 (7/5) | 404.67 (14/1) | 565.37 (23/7/73) | 84.68 (2/3/65) |
| 45 | Teas (8) | 124.89 | — | 33.77 | 9.84 | 3.90 | 3.77 | 124.93 | 126.32 | 126.19 | 127.86 | 117.07 | 142.43 (2/7) | 117.89 (1/1) | 142.43 (8/7/76) | 59.72 (17/10/74) |
| 46 | Copper (3) | 146.06 | -2.1 | 44.35 | 7.67 | 2.25 | 2.25 | 149.22 | 150.63 | 149.22 | 151.62 | 274.68 | 301.47 (7/1) | 146.06 (22/10) | 567.78 (13/7/73) | 94.08 (20/4/62) |
| 47 | Mining Finance (11) | 83.39 | -6.6 | 12.03 | 5.70 | 9.40 | 9.33 | 78.32 | 78.02 | 78.16 | 78.58 | 107.05 | 119.77 (7/1) | 77.56 (15/10) | 175.90 (28/4/69) | 66.31 (30/9/74) |
| 48 | Tins (7) | 121.49 | +3.9 | 11.62 | 7.96 | 13.23 | 13.15 | 116.95 | 116.25 | 116.25 | 117.40 | 86.20 | 126.36 | 86.09 (1/2) | 126.36 (17/10/76) | 54.83 (27/5/70) |
| 49 | Overseas Traders (13) | 178.61 | -0.2 | 19.12 | 7.66 | 7.09 | 7.08 | 178.31 | 182.48 | 185.11 | 192.43 | 209.07 | 254.47 | 178.31 (27/10) | 254.47 (5/5/76) | 97.37 (6/1/75) |

| | FIXED INTEREST | Thurs., Oct. 28 Index No. | Yield % | Wed. Oct. 27 | Tues. Oct. 26 | Monday Oct. 25 | Friday Oct. 22 | Thurs. Oct. 21 | Wed. Oct. 20 | Tuesday Oct. 19 | Year ago (approx.) | 1976 High | 1976 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Consols 2½% yield | — | 15.78 | 15.78 | 15.65 | 15.64 | 15.50 | 15.49 | 15.48 | 15.49 | 14.96 | — | — | — | — |
| 2 | 20-yr. Govt. Stocks (6) | 42.38 | ‡15.20 | 42.31 | 42.65 | 42.79 | 43.12 | 43.11 | 43.13 | 43.14 | 46.42 | 53.45 | 42.31 | 115.42 | 38.27 |
| 3 | 20-yr. Red. Deb. & Loans (15) | 43.27 | ‡16.94 | 43.41 | 43.66 | 43.75 | 43.76 | 43.69 | 43.65 | 43.65 | 45.72 | 52.40 | 43.27 | 113.43 | 37.01 |
| 4 | Investment Trust Prefs. (15) | 41.71 | 16.59 | 41.71 | 41.76 | 42.45 | 42.54 | 42.40 | 42.56 | 42.27 | 47.13 | 51.25 | 40.54 | 114.41 | 34.45 |
| 5 | Coml. and Indl. Prefs. (20) | 55.16 | 18.40 | 55.19 | 55.25 | 55.50 | 56.66 | 56.50 | 56.43 | 56.31 | 65.86 | 71.97 | 54.89 | 114.96 | 47.67 |

| Section or Group | Base Date | Base Value | Section or Group | Base Date | Base Value |
|---|---|---|---|---|---|
| Overseas Traders | 31/12/74 | 100.00 | Insurance Brokers | 29/12/67 | 96.67 |
| Engineering (Heavy) | 31/12/71 | 153.84 | Mining Finance | 29/12/67 | 100.00 |
| Engineering (General) | 31/12/71 | 153.84 | All Other | 10/4/62 | 100.00 |
| Wines and Spirits | 16/1/70 | 144.76 | | | |
| Toys and Games | 16/1/70 | 135.72 | | | |
| Office Equipment | 16/1/70 | 142.74 | | | |
| Industrial Group | 31/12/70 | 128.20 | | | |
| Miscellaneous Financial | 31/12/70 | 128.06 | | | |
| Food Manufacturing | 29/12/67 | 114.13 | | | |
| Food Retailing | 29/12/67 | 114.13 | | | |

‡ Redemption yield. FT-Actuaries Indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 20p.

A record of the indices, cost £35, is obtainable from FT Business Enterprises, 10, Bolt Court, London, EC4. It gives all group and sub-section indices at fortnightly intervals since the start of the series in 1962 with quarterly highs and lows. Dividend and earnings figures are also included.

NAME CHANGE: Maple Macowards has changed its name to Maple and Co. (Holdings).

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1976 high | 1976 low |
|---|---|---|---|---|---|---|
| BATs Defd. | 25p | 17 | 185 | +2 | 227 | 183 |
| Shell Transport | 25p | 15 | 362 | +8 | 462 | 352 |
| BP | £1 | 14 | 655 | +7 | 695 | 557 |
| ICI | £1 | 13 | 262 | +6 | 402 | 256 |
| P & O Defd. | £1 | 10 | 96 | +2 | 119 | 87 |
| Cons. Gold Fields | 25p | 9 | 127 | +10 | 220 | 113 |
| Courtaulds | 25p | 9 | 76 | +3 | 169 | 73 |
| Imperial Group | 25p | 9 | 52 | +1½ | 88 | 50½ |
| Boots | 25p | 8 | 80 | +1 | 148 | 79 |
| GKN | £1 | 8 | 208 | +5 | 360 | 203 |
| Lonrho | 25p | 8 | 49 | +2 | 101½ | 47 |
| Marks & Spencer | 25p | 8 | 73 | +3 | 108 | 70 |
| Midland Bank | £1 | 8 | 202 | +2 | 320 | 200 |
| RTZ | 25p | 8 | 141 | +8 | 239 | 132 |
| Thorn Elect. | 25p | 8 | 136 | +2 | 388 | 134 |

*The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).*

## Option Report—3-month Call rates

**OPTION DEALING DATES**

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Oct. 26 | Nov. 8 | Jan. 27 | Feb. 8 |
| Nov. 9 | Nov. 22 | Feb. 10 | Feb. 22 |
| Nov. 23 | Dec. 6 | Feb. 24 | Mar. 8 |

Calls were dealt in MEPC, ICI, EMI, Trust Houses Forte, Ladbroke, Coral Leisure, BOC International, Brooke Bond, Imperial Group, Tollemache, Spillers, Cadbury Schweppes, Lonrho, Charterhall Finance, English Property, Grand Metropolitan, Cons. Gold Fields, Capper Neill and Spillers. Puts were done in Unilever, Glaxo, Vickers and Thos. Tilling, while doubles were arranged in Cons. Gold Fields, Reed International, Beecham, EMI, Tollemache, Babcock and Wilcox, Thos. Tilling, ICI and British Land.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Industrials | | B.M.I. | 17 | Midland Bank | 22 | Cap Counties | 5 |
| | | Pitch Lovell | 6 | Nat West Bank | 20 | E.P. | 5 |
| A. Brew | 6½ | Gen. Accident | 12 | "Do" Warrants | 7½ | Int. Europe | 7 |
| A. P. Cement | 15 | Gen. Electric | 13 | P & O Dfd | 11 | Land Securities | 14 |
| Assoc. Leisure | 5 | Glaxo | 35 | Plessey | 7 | MEPC | 7 |
| BSR | 9 | Grand Met | 7 | R.H.M. | 5 | Peachey | 6 |
| Babcocks | 8 | G.U.S. 'A' | 16 | Rank Org. 'A' | 18 | Samuel Props. | 4½ |
| Barclays Bank | 22 | Guardian | 18 | Reed Intl | 23 | Town & City | 2½ |
| Berry Wiggins | 5 | G.K.N. | 25 | Reyrolle | 11 | | |
| Beecham | 28 | Hawker Sidd. | 35 | Rothmans | 4 | Oils | |
| Boots Drug | 12 | House of Fraser | 8 | Slater Walker | 4 | Brit. Petroleum | 40 |
| Bowaters | 16 | I.C.I. | 20 | Spillers | 4 | Burmah Oil | 4½ |
| B.A.T. | 21 | "Imps" | 7 | Tesco | 4 | Shell | 27 |
| British Leyland | 5 | I.C.L. | 14 | Thorn 'A' | 22 | Ultramar | 14 |
| BOC Int. | 5½ | Inveresk | 7 | Trust Houses | 9 | | |
| Brown (J.) | 9 | Legal & General | 7 | Tube Invest. | 7 | Mines | |
| Burton 'A' | 6½ | Ladbroke | 11 | Unilever | 58 | Charter Cons. | 15 |
| Cadburys | 5 | Lex Service | 5½ | Utd. Drapery | 8 | Chart'r'h'll Fin. | 4 |
| Cavenham | 10 | Lloyds Bank | 22 | Vickers | 15 | Cons Gold | 15 |
| Courtaulds | 11 | "Lots" | 4 | Williams Hud'n | 4 | Hampton Areas | 12 |
| Debenhams | 8 | London Brick | 4½ | Woolworths | 6 | Lonrho | 19 |
| Distillers | 13 | Lucas Inds. | 20 | | | Rio T. Zinc | 18 |
| Dunlop | 7½ | "Mams" | 7 | Property | | Western M'ng. | 7 |
| Eagle Star | 11 | Marks & Sp'ncer | 8 | Brit. Land | 3½ | | |

## NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

### NEW HIGHS (11)

FOREIGN BONDS (1)
Japan 4pc 1910 Ass.
AMERICANS (2)
City Inv. Crown Zellerbach
BANKS (1)
Wells Fargo
BEERS (1)
Burtonwood
PAPER (1)
IPG
TRUSTS (1)
Massmutual Mort.
RUBBERS (1)
Golden Hope
MINES (3)
Randfontein Est. Petaling
Ayer Hitam

### NEW LOWS (280)

BRITISH FUNDS (2)
CORPORATION LOANS (6)
LOANS (MISCELLANEOUS) (4)
CANADIANS (1)
BANKS (11)
BEERS (3)
BUILDINGS (21)
CHEMICALS (10)
CINEMAS (1)
DRAPERY & STORES (8)
ELECTRICALS (12)
ENGINEERING (32)
FOODS (6)
INDUSTRIALS (55)
INSURANCE (9)
MOTORS (8)
NEWSPAPERS (4)
PAPER & PRINTING (3)
PROPERTY (13)
SHIPBUILDERS (1)
SHIPPING (1)
SHOES (1)
TEXTILES (8)
TRUSTS (45)
OILS (3)
OVERSEAS TRADERS (3)

## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | 31 | 8 | 20 |
| Corpns., Dom. and Foreign Bonds | 5 | 13 | 45 |
| Industrials | 302 | 335 | 1,065 |
| Financial and Prop. | 106 | 125 | 328 |
| Oils | 8 | 10 | 18 |
| Plantation | 7 | 3 | 31 |
| Mines | 86 | 4 | 31 |
| Recent Issues | 14 | 3 | 21 |
| Totals | 559 | 585 | 1,579 |

## BASE LENDING RATES

| | |
|---|---|
| Allied Irish Banks Ltd. | 14 % |
| American Express Bank | 14 % |
| Anglo-Portuguese Bank | 14 % |
| Henry Ansbacher | 14½% |
| Banco de Bilbao | 14 % |
| Bank of Cyprus | 14 % |
| Bank of N.S.W. | 14 % |
| Banque du Rhone S.A. | 14½% |
| Barclays Bank | 14 % |
| Barnett Christie Ltd. | 15 % |
| Bremar Holdings Ltd. | 14 % |
| Brit. Bank of Mid. East | 14 % |
| ■ Brown Shipley | 14½% |
| Canada Permanent AFI | 14 % |
| Capitol C & C Fin. Ltd. | 14 % |
| Cayzer, Bowater Co. Ltd. | 14 % |
| Cedar Holdings | 12½% |
| ■ Charterhouse Japhet | 14 % |
| C. E. Coates | 15 % |
| Consolidated Credits | 14 % |
| Co-operative Bank | *14 % |
| Corinthian Securities | 14 % |
| Credit Lyonnais | 14 % |
| G. R. Dawes | 15 % |
| Duncan Lawrie | 14 % |
| Eagil Trust | 14 % |
| English Transcont. | 14 % |
| First London Secs. | 14 % |
| ■ Antony Gibbs | 14 % |
| Goode Durrant Trust | 14 % |
| Greyhound Guaranty | 14 % |
| Grindlays Bank | ‡14 % |
| ■ Guinness Mahon | 14 % |
| ■ Hambros Bank | 14 % |
| ■ Hill Samuel | §14 % |
| C. Hoare & Co. | †14 % |
| Julian S. Hodge | 15 % |
| Hongkong & Shanghai | 14 % |
| Industrial Bank of Scot. | 13 % |
| Keyser Ullmann | 14 % |
| Knowsley & Co. Ltd. | 15½% |
| Lloyds Bank | 14 % |
| London & European | 14½% |
| London Mercantile | 14 % |
| Midland Bank | 14 % |
| ■ Samuel Montagu | 14 % |
| ■ Morgan Grenfell | 14 % |
| National Westminster | 14 % |
| Northern Comm. Trust | 14 % |
| Norwich General Trust | 14 % |
| P. S. Refson & Co. | 14 % |
| Rossminster Accept'cs. | 14 % |
| Royal Bk. Canada Trust | 13½% |
| Schlesinger Limited | 14 % |
| E. S. Schwab | 15 % |
| Security Trust Co. Ltd. | 15 % |
| Shenley Trust | 16 % |
| Standard Chartered | 14 % |
| Trade Development Bk. | 14 % |
| Twentieth Century Bk. | 15 % |
| United Bank of Kuwait | 14 % |
| Whiteaway Laidlaw | 14½% |
| Williams & Glyn's | 14 % |
| Yorkshire Bank | 14 % |

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%, 1-month deposits 11½%.
† 7-day deposits on sums of £10,000 and under 11%, up to £25,000 11½%, and over £25,000 11¾%.
§ Demand deposits 12%.
‡ Call deposits over £1,000 11%.

# MONEY MARKET

## Interest rates easier

**Bank of England Minimum Lending Rate 15 per cent. (since October 7, 1976)**

Fixed period interest rates opened at very high levels in the London money market yesterday, but eased during the course of trading. One-month interbank rates closed at 15¼-15¾ per cent., after opening at around 16¼ per cent. Business was not conducted in the same confused conditions of the previous day, and the market appeared to take a less pessimistic view of possible movements in Bank of England Minimum Lending Rate. Trading in Treasury bills remained restricted, however, and discount houses buying rates for three-month Treasury bills were again around 14¾ per cent., indicating a possible ½ per cent. rise in Minimum Lending Rate at to-day's Treasury bill tender.

Day-to-day credit was in good supply and the authorities did not intervene in the market. Banks carried forward surplus balances from Wednesday. Government disbursements exceeded revenue payments to the Exchequer, and a fall in the note circulation was also in the market's favour. On the other hand repayment was made of the previous day's official advances to the market and there was a net take-up of Treasury bills to finance. The easier supply of day-to-day funds was somewhat against market expectations and with no move by the authorities to absorb money at the close it appears that the Bank of England was content to allow the surplus to carry over and assist the market to-day.

| Oct. 27 1976 | Sterling Certificates of deposits | Interbank | Local Authority deposits* | Local Auth. negotiable bonds | Finance House deposits | Company deposits | Discount market deposits | Treasury Bills ⊕ | Bank Bills ⊕ | Fine Trade Bills ⊕ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 12-15¼ | — | — | — | 14¼ | 9-14¾ | — | — | — |
| 2 days notice | — | — | 15-16 | — | — | — | — | — | — | — |
| 7 days or 2 days notice | — | 14½-15⅝ | 15-16 | — | 15½-16½ | — | 14¼-14¾ | — | — | — |
| One month | 15⅛-15⅞ | 15¼-16⅛ | 15¼-16 | 16⅛-16 | 15⅝-16⅛ | — | 14½-14¾ | 15 | 15⅝ | 15¾ |
| Two months | 15⅝-15⅛ | 15⅜-16⅛ | | 16⅛-16 | 15¾-16⅛ | — | 14⅞ | 14⅞ | 15⅞ | 15¾ |
| Three months | 15¾-15⅝ | 15⅜-16⅛ | 15½-15¾ | 16⅛-16 | 15¾-16⅛ | — | 14⅞ | 14⅞ | 15¼ | 15¾ |
| Six months | 15⅝-15⅛ | 15⅜-16⅛ | 15½-15¾ | 16-16½ | 15¾-16⅛ | — | — | — | 15⅛ | 16 |
| Nine months | 15½-15⅜ | 15¼-16 | | 16-15½ | 15¾-16¼ | — | — | — | — | — |
| One year | 15⅜-15¼ | 14⅞-16 | 15½-16 | 16-16½ | 15¾-16⅛ | — | — | — | — | — |
| Two years | | | 15½-16⅜ | | | — | — | — | — | — |

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authorities mortgage rates nominally three years 15¼-15¾ per cent.; four years 15½-15¾ per cent.; five years 15½-15¾ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15¼ per cent.; four-month trade bills 16 per cent. Approximate selling rate for one-month Treasury bills 14¾ per cent.; two-month 14¾ per cent.; and three-month 15 per cent. Approximate selling rate for one-month bank bills 14½ per cent.; two-month 14¾ per cent.; and three-month 14¾ per cent.; one-month trade bills 15½ per cent.; two-month 15¾ per cent.; and also three-month 15¾ per cent.

Finance House Rates (published by the Finance Houses Association) 12 per cent. from October 1, 1976. Clearing Bank Deposit Rates for small sums of seven days' notice 11 per cent. Clearing Bank Base Rate for lending 14 per cent. Treasury bill average tender rates of discount 14.4166 per cent.

### CORAL INDEX

Close 266-271

## INSURANCE BASE RATES

| | |
|---|---|
| † Atlantic Assurance | 12 % |
| Cannon Assurance | 12½% |

† Address shown under Insurance and Property Bond table.

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# AUTHORISED UNIT TRUSTS

# REGIONAL MARKETS

selection of the share prices previously shown under regional headings is ted below with quotations on London. Irish issues, most of which are not lly listed in London, are shown separately and with prices as on the Irish ge.

| | | | | | | IRISH | | |
|---|---|---|---|---|---|---|---|---|
| | | | Higsons Brew. | 63 | ...... | Conv. 9% '80/82 | £76¾ | −¼ |
| y Inv. 20p | 16 | +1 | I.O.M. Stm. £1 | 135 | ...... | Alliance Gas | 51 | ...... |
| pinning | 34 | ...... | Holt (Jos.) 25p | 182 | ...... | Arnott | 210 | ...... |
| n | 21 | ...... | Kleen-e-Ze | 30 | ...... | Carroll (P.J.) | 100 | ...... |
| r. Est. 50p | 125 | ...... | Lovell's Ship £1 | 135xd | ...... | Clondalkin | 30xd | −3½ |
| Croft | 24 | +3 | N'thn. Goldsmith | 24 | ...... | Concrete Prods. | 48 | ...... |
| Bose £1 | 350 | ...... | P.M.A. | 24 | ...... | Heiton (Hldgs.) | 22 | ...... |
| (R.) | 20 | ...... | Pearce (C. H.) | 85 | ...... | Ind. News | 35 | ...... |
| McHdy | 65 | ...... | Peel Mills | 11 | ...... | Ins. Corp. | 148½xd | ...... |
| Frk. 10p | 22 | ...... | RobbCaledonSh. | 44 | ...... | Irish Distillers | 40 | ...... |
| l | 9½ | ...... | Sayers 12½p | 15 | ...... | Irish Ropes | 86 | ...... |
| orge | 52 | ...... | Sheffield Brick | 73 | ...... | Jacob | 46 | ...... |
| Pkg. 5p | 16 | ...... | Sheff. Refrshmt. | 130 | ...... | Sunbeam | 8 | −4 |
| Ship. £1 | 315 | +5 | Shiloh Spinn. | 21 | ...... | T.M.G. | 68 | ...... |
| Sleigh 10p | 6 | ...... | Sindall (Wm.) | 49 | ...... | Unidare | 42 | ...... |

# OOD PRICE MOVEMENTS

| | Oct. 28 £ | Week ago £ | Month ago £ |
|---|---|---|---|
| ON | | | |
| Danish A.1 per ton† | 1,025 | 1,025 | 990 |
| British A.1 per ton† | 965 | 965 | 955 |
| Irish Special per ton† | 965 | 965 | 950 |
| Ulster A.1 per ton¶ | 960 | 960 | 950 |
| TER (packet) | | | |
| NZ per 20 lbs† | 9.66 | 9.24- 9.32 | 9.24- 9.39 |
| English per cwt† | 57.12-59.98 | 57.12 | 56.00 |
| Danish salted per cwt† | 58.40-60.93 | 58.40-60.48 | 56.40-58.93 |
| ESE¶ | | | |
| English cheddar rindless per tonne | 990.14 | 990.11 | 990.11 |
| NZ per tonne | — | 896.00 | 896.50 |
| S* | | | |
| Home-prod. Standard | 2.90- 3.10 | 2.90- 3.10 | 3.25- 3.40 |
| Large | 3.10- 3.30 | 3.10- 3.30 | 3.55- 3.90 |

| | Oct. 28 per pound p p | Week ago per pound p p | Month ago per pound p p |
|---|---|---|---|
| F | | | |
| Scottish killed sides (ex KKCF) | 47.0—50.0 | 48.0—51.5 | 46.0—48.0 |
| Eire forequarters | 36.0—38.0 | 38.0—41.0 | 34.0—36.0 |
| B | | | |
| English | 40.0—47.0 | — | 42.0—44.0 |
| NZ PLs-PMs | 47.0—48.0 | 45.0—47.0 | 42.0—44.5 |
| K (all weights) | 30.0—39.0 | 31.0—38.0 | 27.0—30.0 |
| TON | | | |
| English ewes | — | — | — |
| LTRY | | | |
| Broiler chickens | 28.5—32.0 | 28.5—30.0 | 29.2—32.0 |

*London Egg Exchange price per 120 eggs. † Delivered. r delivery October 30-November 6.

## NEMAS

## ART GALLERIES

## CLUBS

## RT GALLERIES

## CONCERTS

# INSURANCE, PROPERTY, BONDS

# OFFSHORE AND OVERSEAS FUNDS

World Wide Growth Management

10a, Boulevard Royal, Luxembourg.

| | | | |
|---|---|---|---|
| WorldWideGth.Fd. | $US11.23 | +0.07 | — |

## NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¥Net of tax on realised capital gains unless indicated by ♦. ¶Guernsey yield. ‡Suspended. ‡Single premium insurance bonds. ♦Yield before Jersey tax.

# FT SHARE INFORMATION SERVICE

## **BRITISH FUNDS

| 1976 High | Low | Stock | £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| | | "Shorts" (Lives up to Five Years) | | | | |
| 101½ | 99⅞ | Treasury 10½pc 1976‡‡ | 99⅞ | +⅛ | 10.56 | 14.34 |
| 98⅞ | 95⅞ | Treasury 6¾pc 1977‡‡ | 97⅛ | −⅛ | 6.43 | 14.56 |
| 97¼ | 94½ | Electric 3pc 74-77 | 96⅝ | −⅛ | 3.10 | 12.39 |
| 103⅛ | 97⅞ | Treasury 11½pc '77‡‡ | 97⅞ | −⅛ | 11.80 | 14.53 |
| 95⅛ | 91⅞ | Treasury 3pc '77‡‡ | 93½xd | −⅛ | 3.22 | 10.09 |
| 95⅝ | 92¼ | Transport 4pc '72-77 | 93 | −⅛ | 4.30 | 10.63 |
| 99⅞ | 90½ | Treasury 9pc 1978‡‡ | 93½ | +⅛ | 9.63 | 14.35 |
| 101½ | 93⅞ | Treasury 10½pc '78‡‡ | 94 | +⅛ | 11.17 | 14.52 |
| 93¼ | 89⅝ | Exchequer 5pc '76-78‡‡ | 89⅝ | −¼ | 5.58 | 11.16 |
| 103⅛ | 92⅞ | Treasury 11½pc '79‡‡ | 92¾ | +⅛ | 12.40 | 15.25 |
| 98¼ | 92⅞ | Treas. 11½pc '79 'A' ‡‡ | 92⅞ | +⅛ | 12.40 | 15.26 |
| 88⅞ | 82¼ | Treasury 3pc '79‡‡ | 82¼ | ...... | 3.65 | 10.25 |
| 89⅛ | 82¼ | Electric 4¼pc '74-79 | 82¼ | ...... | 5.17 | 11.60 |
| 100⅞ | 88⅞ | Treasury 10½pc '79‡‡ | 88½xd | +⅛ | 11.81 | 15.22 |
| 88¼ | 82¼ | Electric 3½pc '76-79 | 82¼xd | ...... | 4.25 | 10.46 |
| 96⅞ | 84½ | Treasury 9pc 1980‡‡ | 84⅝ | +⅛ | 10.63 | 15.00 |
| 96½ | 84⅞ | Treasury 9½pc '80‡‡ | 84⅞xd | +⅛ | 11.22 | 15.30 |
| 86 | 78¼ | Treasury 3½pc '77-80 | 78¼ | ...... | 4.47 | 10.91 |
| 89½ | 80 | Funding 5¼pc '78-80‡‡ | 80 | ...... | 6.56 | 12.23 |
| 103⅛ | 88½ | Treasury 11½pc 1981‡‡ | 88⅞ | +⅛ | 12.96 | 15.16 |
| 86 | 76¼ | Treasury 3½pc 1979-81 | 76¼ | −⅛ | 4.59 | 10.48 |
| 95⅝ | 82⅞ | Treasury 9¾pc 1981‡‡ | 82⅞ | +⅛ | 11.79 | 15.25 |
| | | Five to Fifteen Years | | | | |
| 94⅛ | 79⅞ | Treasury 8½pc '80-82‡‡ | 79⅞ | ...... | 10.98 | 14.84 |
| 70⅛ | 69¼ | Treasury 3pc '82‡‡ | 69¼ | −⅛ | 4.31 | 10.64 |
| 107¼ | 88⅞ | Treasury 12pc 1983‡‡ | 88⅞ | ...... | 13.71 | 15.12 |
| 81⅛ | 69⅝ | Funding 5½pc '82-84‡‡ | 69⅝ | ...... | 8.08 | 12.29 |
| 87⅝ | 74⅞ | Treasury 8½pc '84-86‡‡ | 74⅞ | ...... | 11.76 | 13.74 |
| 74⅞ | 60⅛ | Funding 6½pc '85-87‡‡ | 60⅛ | ...... | 10.80 | 13.79 |
| 77⅝ | 65⅛ | Treasury 7¾pc '85-88‡‡ | 65⅛ | ...... | 12.28 | 14.47 |
| 51¼ | 44⅞ | Transport 3pc '78-88 | 44½ | +⅛ | 6.89 | 12.19 |
| 59¾ | 48 | Treasury 5pc '86-89 | 48⅛ | +⅛ | 10.43 | 13.68 |
| 103¼ | 87¼ | Treasury 13pc 1990‡‡ | 87⅞ | +⅛ | 15.46 | 15.88 |
| 75⅞ | 64⅛ | Treasury 8¼pc '87-90‡‡ | 64¼ | +⅛ | 13.49 | 15.01 |
| 60 | 47⅝ | Funding 5¾pc '87-91‡‡ | 47¾ | +⅛ | 12.14 | 14.58 |
| | | Over Fifteen Years | | | | |
| 100½ | 84¼ | Treasury 12¾pc '92‡‡ | 84⅞ | +⅛ | 15.76 | 16.11 |
| 98½ | 82¼ | Treasury 12½pc '93‡‡ | 82½ | +⅛ | 15.86 | 16.18 |
| 58 | 45⅛ | Funding 6pc 1993‡‡ | 45½ | +⅛ | 13.40 | 15.12 |
| 75⅛ | 59½ | Treasury 9pc '94‡‡ | 59⅝xd | +⅛ | 14.98 | 15.72 |
| 97⅛ | 91⅛ | Treasury 14½pc '94‡‡ | 91½ | +⅛ | 16.09 | 16.21 |
| 36½ | 28⅝ | Gas 3pc '90/95 | 28⅝xd | ...... | 10.47 | 13.69 |
| 100 | 79 | Treasury 12¾pc '95‡‡ | 79⅛xd | +⅛ | 15.99 | 16.23 |
| 75⅞ | 59⅞ | Treasury 9pc '92/96‡‡ | 60⅛ | +⅛ | 15.24 | 15.84 |
| 95¾ | 81½ | Exchequer 13¼pc '96‡‡ | 81⅝xd | +⅛ | 16.11 | 16.30 |
| 35½ | 28 | Redemption 3pc 1986-96 | 28 | ...... | 10.80 | 13.57 |
| 102½ | 85⅛ | Treasury 13¾pc '97‡‡ | 85½ | +⅛ | 16.18 | 16.29 |
| 70⅛ | 58 | Treasury 8¾pc 1997‡‡ | 58⅛ | +⅛ | 15.42 | 15.92 |
| 57⅞ | 45 | Treasury 6¾pc '95-98‡‡ | 45⅛xd | +⅛ | 14.94 | 15.72 |
| 96¼ | 95⅛ | Treasury 15½pc '98‡‡ | 95½ | +⅛ | 16.34 | 16.35 |
| 76 | 63¼ | Treasury 9½pc 1999‡‡ | 63⅜ | +⅛ | 15.67 | 15.99 |
| 31½ | 25⅜ | Funding 3½pc '99-04 | 25⅜ | ...... | 14.37 | 15.18 |
| 65 | 51 | Treasury 8pc '02-06‡‡ | 51⅛ | +⅛ | 15.61 | 15.96 |
| 46⅛ | 35⅝ | Treasury 5½pc '08-12‡‡ | 35¾ | +⅛ | 15.71 | 15.81 |
| 60⅞ | 50⅜ | Treasury 7¾pc '12-15‡‡ | 50⅝ | +⅛ | 15.94 | 15.95 |
| | | Undated | | | | |
| 30⅜ | 25¼ | Consols 4pc | 25¼ | ...... | 16.48 | — |
| 27⅞ | 22¼ | War Loan 3½pc‡‡ | 22¼xd | ...... | 15.51 | — |
| 28⅞ | 23⅛ | Conv. 3½pc '61 Aft. | 23½ | ...... | 15.05 | — |
| 23¼ | 18½ | Treasury 3pc '66 Aft. | 18½ | ...... | 16.39 | — |
| 19⅝ | 16 | Consols 2½pc | 16 | ...... | 15.78 | — |
| 19½ | 15⅜ | Treasury 2½pc | 15⅜ | ...... | 16.46 | — |

## **INTERNATIONAL BANK

75 | 68½ | 5pc Stock '77-82 | 71½ | ...... | 7.09 | 12.23

## **CORPORATION LOANS

[illegible]

## COMMONWEALTH & AFRICAN LOANS

[illegible]

## LOANS (Miscel.)

[illegible]

## FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

## AMERICANS

[illegible]

S.E. List Premium 40⅝% (based on $US1.5670 per £)

Conversion factor 0.7100 (0.7201)

## CANADIANS

| 1976 High | low | Stock | £ | + or − | Div. Gross | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 14¾ | 10⅞ | Bk. Montreal $2 | 13⅝ | −⅛ | $1.00 | — | 4.8 |
| 40½ | 29⅞ | Bk. Nova Scot. $2 | 37⅞ | +1⅛ | $1.72 | — | 2.9 |
| 46¾ | 33¼ | Bell Canada 25c | 45 | ...... | $3.72 | — | 5.3 |
| 23⅝ | 12 | Bow Valley‖ | 18½ | +⅝ | 10c | — | 0.3 |
| 10 | 780p | Brascan‖ | 920p | +20 | s$1.00 | — | 7.0 |
| 29⅞ | 19⅞ | Can. Imp. Bk. $2 | 22⅞ | +⅛ | $1.28 | — | 3.7 |
| 16⅞ | 10⅛ | Can. Pacific $5 | 14⅞ | +¼ | 84½c | — | 3.6 |
| 29⅝ | 25¼ | Do. 4pc Deb. £100 | 25¼ | −¼ | 4% | — | 15.9 |
| 37⅞ | 20¼ | Gulf Oil Can.‖ | 22¼ | +¼ | $1.00 | — | 2.9 |
| 670p | 400p | Hawker Sid. Can.‖ | 425p | +5 | 36c | — | 5.5 |
| 33 | 22 | Hollinger $5 | 29½ | +½ | $1.80 | — | 4.0 |
| 18 | 12⅛ | Hudson's Bay ‖ | 14⅞ | +⅛ | 60c | — | 2.8 |
| 34⅞ | 26⅜ | Hud. B. Oil G. $2½ | 28½ | +½ | $1.60 | — | 3.6 |
| 22¼ | 16½ | Imperial Oil‖ | 17¾ | +½ | 80c | — | 2.9 |
| 31½ | 19½ | Inco | 29 | +¾ | $1.40 | — | 3.1 |
| 900p | 660p | Int. Nat. Gas $1 | 880p | +30 | 80c | — | 5.9 |
| 25½ | 16 | Massey Ferg.‖ | 20⅛ | +⅜ | $1.00 | — | 3.2 |
| 27⅞ | 20¼ | Pacific Pet. $1 | 23⅝ | +½ | 80c | — | 2.2 |
| 38½p | 24p | Place Gas $1 | 31½p | +1 | — | — | — |
| 30¼ | 22⅞ | Rio Algom | 25⅞ | +⅛ | $1.00 | — | 2.5 |
| 27¼ | 20⅞ | Royal Bk. Can. $2 | 24¾ | +⅞ | $1.38 | — | 3.6 |
| 28⅛ | 17⅞ | Seagram Co. C$1 | 20⅞ | +¼ | 80c | — | 2.5 |
| 18⅞ | 13⅞ | Tor. Dom. Bk. $1 | 17⅞ | +¼ | 74c | — | 2.8 |
| 11⅞ | 830p | Trans. Can. Pipe 33½c | 11⅛ | −⅛ | 88c | — | 0.0 |

S.E. List Premium 40⅝% (based on $1.5215 per £)

## BANKS AND HIRE PURCHASE

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 390 | 251 | ANZ $A1 | 350 | +3 | tQ14.9 | — | 2.7 | — |
| 250 | 125 | Alexanders D. £1 | 130 | −5 | 11.67 | — | 13.8 | — |
| £110 | £80 | Algemene Fl. 100 | £95 | ...... | tQ21% | 2.6 | 5.4 | 9.8 |
| 490 | 235 | Allen Harvey £1 | 235 | ...... | 25.0 | — | 16.4 | — |
| 128 | 76 | Allied Irish | 78 | −2 | Q6.89 | — | 8.8 | — |
| 195 | 90 | Arbuthnot L. £1 | 100 | ...... | 8.28 | — | 12.7 | — |
| [illegible] | | | | | | | | |

### Hire Purchase, etc.

[illegible]

## BEERS, WINES AND SPIRITS

[illegible]

## BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

## BUILDING INDUSTRY—Continued

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## CINEMAS, THEATRES AND TV

[illegible]

## DRAPERY AND STORES

[illegible]

## DRAPERY AND STORES—Continued

[illegible]

## ELECTRICAL AND RADIO

[illegible]

## ENGINEERING, MACHINE TOOLS

[illegible]

## ENGINEERING—Continued

[illegible]

## FOOD, GROCERIES, ETC.

[illegible]

## HOTELS AND CATERERS

[illegible]

## HOTELS—Continued

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

هكذا في الأصل

## INDUSTRIALS—Continued

## INSURANCE

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

### Commercial Vehicles

### Components

### Garages and Distributors

## NEWSPAPERS, PUBLISHERS

## PAPER, PRINTING, ADVERTISING

## PROPERTY

## PROPERTY—Continued

## SHIPBUILDERS, REPAIRERS

## SHIPPING

## SHOES AND LEATHER

## SOUTH AFRICANS

## TEXTILES

## TOBACCOS

## TRUSTS, FINANCE, LAND

### Investment Trusts

## TRUSTS—Continued

## TRUSTS—Continued

### Finance, Land, etc.

## OILS

## OVERSEAS TRADERS

## RUBBERS AND SISALS

## TEAS

### India and Bangladesh

### Sri Lanka

### Africa

## MINES

### CENTRAL RAND

### EASTERN RAND



## MINES—Continued

### FAR WEST RAND

| 1976 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 710 | 250 | Blyvoor 25 | 360 | +20 | Q75c | 1.6 | 25.1 |
| £14 | 440 | Buffels R1 | 600 | +55 | Q125c | 1.6 | 15.1 |
| *140 | 70 | Doornfontein R0.20 | 106xr | +8 | — | — | — |

### O.F.S.

### FINANCE

### DIAMOND AND PLATINUM

### CENTRAL AFRICAN

### AUSTRALIAN

### TINS

### COPPER

### MISCELLANEOUS

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 10 | 8 | Burma Mines 17½p. | 8½ | ...... | 0.1 | ϕ | 2.0 |
| 35½ | 15½ | Charterhall 5p | 18½ | −½ | — | — | — |
| 990 | 550 | Cons. Murch. 10c | 600 | +40 | †Q80c | 1.8 | 9.6 |
| 350 | 245 | Northgate C$1 | 315 | ...... | — | — | — |
| 239 | 132 | R.T.Z. | 141 | +8 | g5.96 | 2.1 | 6.6 |
| 112 | 67 | Sabina Inds. C$1 | 80 | −2 | — | — | — |
| £15⅝ | £10 | Tara Explrn. $1 | £13½ | +½ | — | — | — |
| 45 | 32½ | Tehidy Minerals 10p | 38 | ...... | †h1.08 | ϕ | 4.4 |
| 145 | 84 | Yukon Cons. C$1 | 120 | −3 | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. *Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.*

- A Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- *Price at time of suspension.*
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- *Merger bid or reorganisation in progress.*
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- *Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.*
- Excluding a final dividend declaration.
- Regional price.
- No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. *j Payment from capital sources. k Kenya. m Interim higher* than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: *cover relates to previous dividend, P/E ratio based on latest* annual earnings. u Forecast dividend: cover based on previous year's earnings. *v Tax free up to 30p in the £.* w Yield allows for currency clause. y Dividend and yield based on merger terms. *z Dividend and yield include a special payment: Cover does not apply to special payment.* A Net dividend and yield. *B Preference dividend passed or deferred.* C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. *H Dividend and yield based on prospectus or other official* estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official *estimates for* 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: *xd* ex dividend; *xc* ex scrip issue; *xr* ex rights; *xa* ex all; *xd* ex capital distribution.

"Recent Issues" and "Rights" Page 23

# FINANCIAL TIMES

Friday October 29 1976



## Barclays added to Arab boycott

By Paul Betts, Foreign Staff

THE BARCLAYS BANK group has been added to the Arab boycott, Mr. Mohammed Mahgoub, commissioner general of the Arab Boycott of Israel Office, announced yesterday in Baghdad where the Damascus-based organisation is holding the second of its bi-annual meetings.

The announcement was carried by the official Iraqi news agency.

Barclays had been warned this year that it might be black-listed because of its dealings with an Israeli bank. At the last meeting of the Boycott Office, held in Alexandria in April, it had been given six months to disengage itself from Israel.

The British banking group owns a 50-50 stake in Barclays Discount Bank of Israel, set up in 1972 when Barclays decided to merge its operations in Israel into a joint venture with the Discount Bank of Israel.

Yesterday Barclays issued a terse statement in London: "We have received no communication from the Boycott Office and we would wish to know more precisely what recommendations have been made by them before we can consider and decide what course is appropriate for us to follow in the circumstances."

The decision of the Boycott Office to black-list Barclays comes at a time when the British group is attempting to build up a presence in the Middle East.

Barclays has established full banking services in two Gulf states, Abu Dhabi and Sharjah. It has a representative office in Bahrain where the bank is understood to be seeking a full banking licence. There are also representative offices in Beirut and Tehran.

### Cairo venture

Last year, in a joint venture with the Banque du Caire, Barclays opened in Egypt the Cairo Barclays International Bank providing wholesale and merchant banking services in offshore currencies.

In Tel Aviv last night, initial reaction of the management of the Barclays Discount Bank there to the announcement was that there was no reason to believe that Barclays would change its attitude in Israel.

During the last year, there have been numerous consultations, it is understood, between the local management in Israel and head office in London because of the black-listing threat.

The commissioner general of the Boycott Office was reported by the Iraqi news agency as saying that nine other international companies — two American, the others Indian, Yugoslav, Cypriot and Singapore—had been added to the black-list. The companies have not been named.

According to Radio Baghdad, 60 international companies with more than 100 subsidiaries have appealed to the Boycott Office to have their names lifted from the black-list.

The commissioner was quoted as saying that about 75 per cent. of the 60 companies had been removed from the list. The rest, had yet to submit "conclusive evidence" that they had stopped dealing with Israel.

Continued from Page 1

## Government pressed for package

because of the effect on living standards and the social wage.

Mr. Sedgemore, setting out the Left's alternative to Government strategy, called for an end to sterling's role as a reserve currency; price controls and an incomes policy; planning agreements; more muscle to the National Enterprise Board; increased industrial democracy; public ownership of major financial institutions; and maintenance of Labour's social programmes.

Sir Geoffrey Howe, speaking in London, claimed that the public was waiting with growing desperation for action from the Government on the country's economic problems. "Yet all they see is bedlam and confusion within the Labour Party that has effectively destroyed the Government's will to take action of any kind."

Sooner rather than later, further "painful measures, too reluctant and unconvinced to be effective" would have to come even from this Government.

## Parliament State opening delayed

BY JOHN HUNT

THE GOVERNMENT is to postpone the State opening of the new session of Parliament by a week to break the log jam of Government legislation and to get through the five major Bills bogged down in the Lords.

The opening will now take place on Wednesday, November 24, and although the decision is unusual, it is not unprecedented.

The last postponement was in 1963 when Lord Home disclaimed his peerage and had to stand at a by-election on becoming Prime Minister.

Mr. Merlyn Rees, the Home Secretary, who is in charge of Government business during the absence of Mr. Michael Foot, sees the week's extension as the maximum that can be allowed. The Government continued to insist yesterday that all the legislation must go through.

Conservatives and Liberals in both Houses have grave reservations on whether it can be completed in the time available. These doubts are shared by some Labour MPs.

The Government still has some powerful weapons it can use to speed the passage of the legislation. There is talk of week-end sittings if necessary and a heavily reduced Christmas recess because of the delay in starting the new session.

Mr. Rees is holding the threat of reform over the heads of the peers should they delay the Bills unnecessarily. He told the Commons yesterday that the Government had a clear commitment to get its legislation through.

He complained that the Upper House held up major Bills only when a Labour Government was in office and hinted that there could be a second chamber other than the present House of Lords.

In the Lords, Lord Carrington, the Tory leader, said that he had no idea whether the extra week would be long enough to complete the enormous back-log of business. The peers would work as hard as possible but there was no guarantee that the legislation would be completed by November 24.

For the Liberals, Lord Byers called the week's extension "totally unrealistic" but Baroness Llewelyn-Davies, the Government Chief Whip in the Lords, said it was the "firm intention" to complete the programme by that date.

In spite of the tough stance of both sides there remains the possibility that the Government will smooth the passage of the Bills by accepting some of the Lords' amendments.

In the Commons earlier this week the Government accepted 16 of the 25 Lords amendments on the Race Relations Bill.

The Government hopes that all the Bills will have cleared the Lords by Monday, November 15 at the latest.

This would give a clear week in the Commons up to Friday, November 19 and if necessary the House could sit on the following Monday and Tuesday before the State opening on the Wednesday.

The Education Bill, which gives the Education Secretary, the power to give local authorities to go comprehensive, comes up on report stage in the Lords to-day. The Bill on tied cottages begins its committee stage there to-day.

The Bill nationalising the aircraft, shipbuilding and ship-repairing industries comes up on report on Monday.

The Dock Work Regulation Bill, which reserves work on the waterfront to registered dockers, has its report stage on Tuesday. The Health Services Bill, phasing out pay beds, starts its committee stage in the Lords on Thursday.

MPs seek inquiry, Page 12

## Yard wants former Haw Par director

By Our City Staff

PLANS ARE being made by Scotland Yard to arrest Mr. Patrick Goodbody, a former director of the Singapore-based company Haw Par Brothers International, on an extradition warrant issued at Bow Street Court in London this week.

It has also emerged that the Singapore Government's leading prosecution witnesses in their case against Mr. Goodbody and four others whose extradition is sought, including financial Mr. Jim Slater, will be two former Haw Par directors, against whom no proceedings are being brought.

It is expected that Mr. Goodbody, whose extradition is being sought by the Singapore Government, along with that of Mr. Slater, Mr. Richard Tarling, and two others, will surrender himself at Bow Street police station in the near future. This will allow the warrant to be executed against him.

### Remand

Mr. Goodbody would then appear at Bow Street Court and, it appears likely, be remanded until November 23, when Mr. Slater and Mr. Tarling have each already been remanded on £45,000 bail to appear again.

Mr. Slater was formerly chairman of Slater Walker Securities and Mr. Tarling once chairman of Haw Par, in which Slater Walker previously had a large stake.

Mr. Goodbody has already been named in four conspiracy charges brought by the Singapore Government against Mr. Slater and Mr. Tarling concerning Haw Par and in particular the affairs of the private Hong Kong share-dealing company Spydar Securities.

Mr. Goodbody has been living in Guernsey, where he worked until late in October last year for the Henry Ansbacher banking concern. His wife said yesterday that she thought he was now in the U.K. Mr. Donald Ogilvy Watson and Mr. Ian Tamblyn — until 1975 respectively Haw Par's managing director and deputy managing director — against whom extradition warrants have also been issued, are still believed to be outside Britain. They are possibly on the Continent of Europe.

### Bonuses

The chief witness for the prosecution in the proceedings which the Singapore Government plans to bring against the five men will be Mr. John Scothorne, the one-time financial controller and later financial director of Haw Par in Singapore.

He was a minor beneficiary from Spydar and was named in the charges against Mr. Slater and similar ones against the other four whose extradition is being sought.

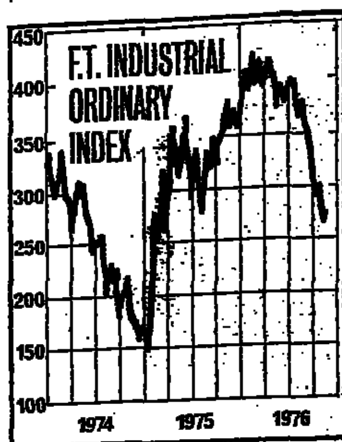
The Government there accepts that the sums received by Mr. Scothorne, and by three other minor beneficiaries from Spydar, were for bonuses and that these four people did not know the source of the sums they received.

Mr. Johnson-Hill, who was an executive director of Haw Par in Hong Kong, is intended to be the other key prosecution witness in Singapore.

## THE LEX COLUMN

# Tyres reflate Dunlop

**Index rose 5.2 to 270.5**




Dunlop has increased its interim dividend by a fifth, and its profits are moving gently ahead from the sharply higher level achieved in the second half of 1975. In the six months to June, attributable profits have risen from £5.3m. to £8.1m.

The tyre business explains most of the rise in operating profits, with a strong market almost everywhere in the world apart from Germany. Replacement volume has been strong in the U.K., and exports—now over a quarter of U.K. output—have risen by nearly a third in value so far this year. Elsewhere, continued buoyancy in Pirelli's South American operations shows through in a £2.7m. increase in the associates.

The second half-year almost always produces more than the first, and for 1976 as a whole attributable profits could rise to £18¾m. or a bit more compared with £15m. a year ago. That does not imply a great deal of momentum for 1977, and what needs to be seen now is whether the group can move from recovery to growth.

The market is unconvinced, with the prospective yield as high as 11¼ per cent. and a capitalisation of £59m. at 60p. However, the balance-sheet pressures are being kept in check. Currency losses more than explain a £2.7m. rise in finance charges to £17.6m. in the half year, and although borrowings have risen from 61 to 67 per cent. of total stockholders' funds since December, a rise of perhaps £30m. in debt this year will still leave substantial unused facilities. And while it has no bearing on Dunlop's figures these days, it is nice to report that Industrie Pirelli has actually produced a small profit in the period.

### Interest rates

Fears of a further rise in Minimum Lending Rate receded yesterday, and there were signs that the authorities were operating to ease conditions in the money markets which had taken on a panicky appearance on Wednesday. Market rates for Treasury Bills are still high enough to signal a small rise in MLR following to-day's tender, but last night dealers were not expecting this to materialise.

Admittedly the discount houses may be reluctant to bid high enough to keep the Treasury Bill rate below the 14.5 per cent. trigger level, for this is likely to leave them showing losses when they try to resell the paper next week. But they have been known to bend to the Bank of England's will before—and in any case the authorities could simply overbid the discount market in order to hold MLR down.

Meanwhile gilt-edged also rallied modestly yesterday. There is increasing nervousness, however, about the money supply figures for the November banking month; the Bank needs to get the gilt sales programme rolling again very soon.

### Gold

After the third IMF gold auction in September, the gold price shot up $12 in the next couple of days before dropping back, so it could be dangerous to read too much into yesterday's $5 per oz jump in the price.

Nevertheless those gold-bugs who think they can understand the charts are bubbling over with enthusiasm, claiming that the yellow metal has broken out of its 22-month bear market. Even the less emotional types are convinced that there has been a major change in sentiment betwen the two auctions. The prospect of further IMF auctions is no longer quite as threatening as it seemed a couple of months ago.

Compared with its volatility ahead of the third auction, the gold price held remarkably steady ahead of the fourth auction on Wednesday and considerable commercial business has been taking place. In addition, the volume of bids, at 4.2m., was the highest yet seen which is being interpreted bullishly.

Admittedly much of day's dealing was specu but in the previous two the market seems to established an equilibrium physical offtake supply, for the first many months. Fab requirements are expe rise 20 per cent. this yea the market appears to be ing round to the view that sales can be absorbed conditions.

### English Property

English Property's have significantly und formed a weak property over the past month, but price recovered 4p to 2 yesterday on interim figu which are rather better expected. Property income 26 per cent. higher, and proportion of outgo capitalised appears to stabilising. All the same, treatment still has the effect of turning a reve deficit of £8.9m. into a publis profit of £2.4m. pre-tax. there are uncertainties some of the foreign projec which development work is yet properly under way.

The benefits of the Cana re-organisation and the £5 sales to Eagle Star will star flow through in the current and could be worth about net. The group has also so further £15m.-worth of pro ties since April. EPC has much exposure to short-te interest rates in the U.K. the fall of sterling is and matter; foreign currency will still be over £100m. the Canadian deal.

### Glaxo

Did Glaxo really need £31m. rights issue last ye Shareholders may well be clined to wonder when they in the report that Glaxo piled a massive £51m. into edged. Total holdings of and liquid assets at June were £84m. The rights issue is true, was intended to fun medium-term product deve ment programme, and cap commitments have risen the year from £28.5m. to £3 But given that net cash jumped by two-thirds to £ last year, and looks set to further, Glaxo will have to be really big spender to make significant dent in its ca balances.

## EEC fails to make Japan cut shipbuilding share

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT PARIS, Oct. 28.

ATTEMPTS BY the European Common Market countries to persuade Japan to reduce its share of the depressed world shipbuilding market failed here to-day, though the Japanese have agreed to further talks on the subject.

Mr. Tashida Mano, the chief Japanese delegates said after a meeting of the OECD's working party on shipbuilding, that Japan could not agree to cut its share to below 50 per cent. of estimated world production of some 13m. tonnes in 1980, a level which the EEC finds unacceptable.

Delegates did, however, decide to review their discussions on December 6 and, in the meantime, a small informal group in which both the EEC and Japan will be represented will meet to examine the purely technical aspects of the problem.

A key issue during the discussions was whether the yardstick to be used for the respective market share of the participants should be the world production or only the production of the OECD area.

The Common Market delegates argued, as Mr. Graham Day, chief executive designate of British Shipbuilders, had done yesterday, that projected Japanese production of 6.5m. tonnes and expected output by non-OECD countries, including South Korea and Brazil, of about 4m. tonnes, would leave the EEC with a share of no more than 1m. to 2m. tonnes in 1980.

Since it was not possible for the OECD to influence non-member countries to cut production, it was up to Japan to make the sacrifice, and the Common Market delegation suggested that the Japanese should reduce their market share to about 50 per cent. of OECD output—about 4m. tonnes in 1980.

### Adjourned

This demand gave the Japanese delegation a welcome opportunity to dig in its heels. An ostensibly grieved Japanese representative expressed astonishment that the other countries were suddenly talking in terms of only the OECD, whereas Japan had always seen the problem as one of world market shares.

Since Japan and the other countries could not even agree on the basis on which the discussions should take place, it was decided to adjourn them until December.

The argument whether OECD or world market shares should be used as the basic measure for production targets was not, however, the only stumbling block.

It also emerged from the discussions that, while Japan was talking mainly of gross tonnage, EEC delegates were frequently referring to output in terms of compensated tonnes.

This measurement takes into account the labour content in shipbuilding and is relevant because Japan has concentrated on building oil tankers which have a larger gross tonnage but relatively lower labour content than more specialised ships commonly built in Europe.

With the market for oil tankers now virtually non-existent, a 50 per cent. share of orders for these more labour intensive ships would not, says the EEC, be sharing the pain on an equitable basis.

*John Wyles writes:* Mr. Day said last night that the Paris talks underlined the point he had been making—that Japan and South Korea seem intent on trying to capture 90 per cent. of future world demand. The balance would not even sustain British shipbuilders let alone the rest of the world's.

Mr. Day, emphasising that he was not speaking for the Government or the industry, "but bearing in mind our future responsibilities," said that if talks with the Japanese were to fail then he hoped that action would be taken at European level.

If that were to prove impossible "we would urge the Government to act unilaterally."

Mr. Day had indicated in a speech on Wednesday that some forms of protection might be inevitable.

## Post Office finance director resigns to join Ferranti

BY MAX WILKINSON, INDUSTRIAL STAFF

THE POST OFFICE confirmed last night that a second senior official was to resign. He is Mr. Maurice Elderfield, the finance director, who is to join Ferranti.

Mr. Elderfield's resignation comes after the departure of Mr. Alfred Singer, head of the Giro, announced on Wednesday. Mr. Singer joined the Post Office from Tesco three years ago.

The two resignations have started intense speculation about the future of three other senior Post Office men.

They are Sir William Ryland, the chairman, whose term of office expires at the end of next year, Sir Edward Fenessy, the deputy chairman, and Mr. Alex Currall, head of Posts.

Sir Edward and Mr. Currall would have the option of leaving when their posts come up for renewal next year.

Mr. Elderfield has been a Board member for finance and corporate planning since April last year. From 1973 to 1975, he was director of finance for the Southern Water Authority.

Mr. Eric Varley, the Industry Secretary, said yesterday that he accepted the resignation "with regret." Mr. Elderfield takes up his new job on January 1.

● Last year the Post Office made a profit of £148m. compared with a loss of £306m. the previous year. However, it has recently been forced to make a substantial cut in its orders for telephone equipment because of a fall in peak usage.

## Uranium mining backed

BY JAMES FORTH SYDNEY, Oct. 28.

THE WAY has been cleared for the development of Australia's large deposits of uranium. The long-awaited report of the Ranger Uranium Environmental Inquiry, was released to-day and rejected arguments that uranium mining and development should be banned because it was too hazardous.

The inquiry was concerned that the nuclear power industry is "unintentionally contributing to an increased risk of nuclear war" and recommends that any development and export of Australian uranium be accompanied by strict regulations, controls, and safeguards.

Development of Australia's uranium reserves, estimated at between 300,000 tonnes and 350,000 tonnes (or 27 per cent. of present world reserves) has been in abeyance for the past four years.

The previous Labor Government banned potential uranium producers from arranging supply contracts after it took office in December 1972, until it established Australia's future requirements. The Ranger Inquiry was set up by the Government in mid-1975.

The Liberal-National Country Party Government, which came to power last December, made it clear that it favoured development of Australia's uranium, but guaranteed that no decision would be taken until after the Ranger Report was released.

The Government is not bound to accept any advice or recommendations in the report.

A quick response from the Government is unlikely because the inquiry recommended that the decision to mine and sell uranium from deposits in the key Northern Territory be postponed until it released a second report.

Most of Australia's known uranium reserves are in the Northern Territory. The second report will deal with the specific environmental and social implications of uranium mining in the territory. It is expected to be ready by the end of the year.

The greatest danger the inquiry envisaged from development of Australian uranium feeding into world supplies was the possible proliferation of nuclear weapons. It was also worried at the danger of terrorism, the problem of radioactive waste disposal, and health hazards.

To guard against the risks the inquiry recommended the following safeguards:

Retention of the right by the Australian Government to immediately terminate mining and sales permanently, indefinitely, or for a specific period.

Refusal to sell uranium to any country not a party to the nuclear non-proliferation treaty.

Establishment of a permanent uranium advisory council, to advise on the export and use of Australian uranium.

Regular review of policy regarding export of uranium.

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## Lending rate

large "blue-chip" customers to borrow from their clearing bank and re-invest in the interbank market. If such arbitrage activity developed in any scale, the clearers might be forced to raise their base rates.

There is still concern in the City about the rate of growth of money supply, since it is believed that sales of gilt-edged stock have probably been low in the last week. Consequently there is continuing speculation about the need for further restraining measures, not necessarily involving a rise in MLR.

In the foreign exchange market the easing of pressures on sterling was only relative, and conditions are still nervous, with the pound continuing to look very vulnerable before the start of discussions next week with the IMF team.

A drop of over 2 cents yesterday morning produced by selling from the Far East was quickly reversed, and the pound fluctuated between $1.5650 and $1.5725 for most of the day, in fairly quiet conditions.

There were clear indications that the Bank had intervened in the forward market by making it very expensive to hold short-term positions against sterling, and help to keep up the spot rate. Three-month Eurosterling rates are up to 22 per cent.

Sterling was even weaker against the Continental currencies.

Part of the reason yesterday was the slight weakness of the dollar, following indications of lower U.S. interest rates on the decision by Continental Illinois the eighth largest U.S. commercial bank, to lower its prime rate from 6¾ per cent. to 6½ per cent.

## Weather

U.K. TO-DAY

CLOUDY: widespread drizzle.

**London, S.E. England**
Early mist. Rain at times. Wind N.E., light. Max. 12C (54F).

**E. Anglia, E. Midlands, E. Cent., N. and N.E. England**
**Cent. S. and S.W. England**
Cloudy with drizzle, brighter inland later. Wind N.E., light. Max. 12C (54F).

**W. Midlands, Wales, N.W. England**
**Channel Islands**
Cloudy. Rain at times. Wind E., light. Max. 13C (55F).

**Lakes, I. of Man, W. Scotland, N. Ireland**
Dull. Some rain. Wind N.E., light. Max. 11C (52F).

**Borders, E. and N. Scotland, Orkney and Shetland**
Occasional drizzle. Wind N.E., light. Max 9C (48F).

Outlook: Mainly dry.

Lighting-up: London 17.09, Manchester 17.13, Glasgow 17.14, Belfast 17.25.

### BUSINESS CENTRES

| | | Y'day Mid-day °C | °F | | | Y'day Mid-day °C | °F |
|---|---|---|---|---|---|---|---|
| Amsurdm. | D | 5 | 41 | Madrid | C | 10 | 50 |
| Athens | C | 20 | 68 | Manchstr. | R | 11 | 52 |
| Barcelona | S | 16 | 61 | Melbourne | C | 15 | 59 |
| Belfast | C | 12 | 54 | Mexico C. | S | 19 | 66 |
| Belgrade | S | 16 | 61 | Milan | R | 12 | 54 |
| Berlin | S | 6 | 43 | Montreal | C | 0 | 32 |
| Birmghm. | C | 10 | 50 | Moscow | C | −3 | 27 |
| Bristol | C | 10 | 50 | Munich | F | 10 | 50 |
| Brussels | C | 6 | 43 | Newcastle | C | 11 | 52 |
| Budapest | S | 13 | 55 | New York | S | 4 | 39 |
| B. Aires | S | 21 | 69 | Oslo | C | 3 | 37 |
| Cairo | S | 26 | 79 | Paris | C | 11 | 52 |
| Cardiff | C | 11 | 52 | Perth | S | 24 | 75 |
| Cologne | C | 7 | 45 | Reykjavik | S | 2 | 36 |
| Copnhagn. | C | 7 | 45 | Rio de J'o | C | 28 | 82 |
| Dublin | C | 12 | 54 | Rome | C | 19 | 66 |
| Edinburgh | R | 11 | 52 | Singapore | S | 30 | 86 |
| Frankfurt | D | 7 | 45 | Stockholm | C | 4 | 39 |
| Geneva | D | 11 | 52 | Strasbourg | C | 8 | 46 |
| Glasgow | C | 11 | 52 | Sydney | C | 18 | 64 |
| Helsinki | C | 0 | 32 | Tel Aviv | F | 25 | 77 |
| Hong Kg. | S | 27 | 81 | Tokyo | R | 14 | 57 |
| Jo'burg | S | 24 | 75 | Toronto | C | 1 | 34 |
| Lisbon | C | 13 | 56 | Vienna | S | 10 | 50 |
| London | R | 11 | 52 | Warsaw | C | 5 | 41 |
| Luxembg. | D | 6 | 43 | Zurich | C | 9 | 48 |

### HOLIDAY RESORTS

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Ajaccio | F | 19 | 66 | Istanbul | C | 16 | 61 |
| Algiers | C | 16 | 61 | Jersey | S | 14 | 57 |
| Biarritz | S | 15 | 59 | Las Plms. | C | 23 | 73 |
| Blackpool | R | 11 | 52 | Locarno | R | 11 | 52 |
| Bordeaux | C | 8 | 46 | Majorca | F | 17 | 63 |
| Boulogne | R | 11 | 52 | Malaga | D | 13 | 54 |
| Casablnca. | C | 15 | 59 | Malta | S | 23 | 73 |
| Cape Tn. | C | 21 | 70 | Nairobi | S | 25 | 77 |
| Corfu | F | 17 | 63 | Naples | C | 16 | 61 |
| Dubrovnik | C | 16 | 61 | Nice | C | 15 | 59 |
| Faro | F | 16 | 61 | Oporto | C | 11 | 52 |
| Florence | C | 13 | 55 | Rhodes | F | 13 | 55 |
| Funchal | R | 19 | 66 | Salzburg | C | 10 | 50 |
| Gibraltar | R | 13 | 55 | Tangier | C | 12 | 54 |
| Guernsey | C | 13 | 55 | Tenerife | C | 17 | 63 |
| Innsbruck | F | 14 | 57 | Tunis | C | 21 | 70 |
| Inverness | C | 10 | 50 | Valencia | F | 16 | 61 |
| Is. of Man | C | 12 | 54 | Venice | C | 12 | 54 |

S—Sunny. F—Fair. C—Cloudy. R—Rain. D—Drizzle.



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